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CORRIGENDUM

This document corrects document COM(2023) 545 final of 19.09.2023.

Concerns the English version.

Correction of formatting errors, no change to the text.

The text shall read as follows:

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the implementation of the Recovery and Resilience Facility: Moving forward

Contents

Figures:

Tables:

Acronyms

BAR	Brexit Adjustment Reserve
CIDs	Council Implementing Decisions
COVID-19	Coronavirus disease of 2019
CSRs	Country-specific recommendations
ECEC	Early childhood education and care
EFC	Economic and Financial Committee
EPLOs	European Parliament Liaison Offices
ETS	Emissions Trading System
EUR	Euro (€)
MWh	Megawatt
NGEU	NextGenerationEU
R&I	Research and innovation
RES	Renewable energy sources
RRF	Recovery and Resilience Facility
RRPs	Recovery and Resilience Plans
SMEs	Small and medium-sized enterprises
TSI	Technical Support Instrument

1. Executive summary

Two and a half years after its inception, the Recovery and Resilience Facility ('RRF') remains at the core of the European response to increase the resilience of Member States economies. Since the publication of the last annual report (March 2022), the economic and geo-political context has changed markedly. Russia's unprovoked aggression against Ukraine led to a spike in energy prices in 2022, showcasing the vulnerabilities linked to the dependence on Russian fossil fuels, and driving inflation to levels unseen in decades and causing a 'cost of living' crisis for many households.

In this context, the RRF had to adapt to address these new challenges and incorporate the experience gained over two years with the implementation of this innovative, performance-based instrument. Today, as we approach the middle point of the Facility's short lifetime, this report takes stock of the progress made in the implementation and evolution of the Facility, from the adoption of the RRF Regulation[1] in February 2021, through the amendment to the RRF Regulation in February 2023 adding REPowerEU chapters to Recovery and Resilience Plans ('RRPs')[2], to the disbursement of the latest payments up to 1 September 2023.

The report shows that major progress has been made in (i) the continuous implementation of the RRF, (ii) increasing the transparency around its implementation, and (iii) protecting the financial interests of the EU by stepping up control and audit efforts.

The implementation of the RRF is well underway, within the tight constraints due to its lifespan. Until 1 September 2023, the Commission has received 31 payment requests from 19 Member States and disbursed a total amount of EUR 153.4 billion. The Council has adopted the positive assessment of the initial plans of all Member States. Furthermore, the positive assessment of four revised plans with REPowerEU chapters have already been adopted by the Council and 16 revised plans are currently being assessed by the Commission. The report details numerous examples of concrete reforms and investments financed by the RRF, contributing to the six policy pillars defined in the RRF Regulation, including the green transition and the digital transformation.

At the same time, the Commission is assisting Member States in addressing implementation challenges, where they emerge. Some Member States are facing challenges in administering funds, partly due to administrative capacity issues or investment bottlenecks. Some other Member States are facing difficulties in implementing the RRPs as initially designed due to changed economic circumstances such as high inflation or supply bottlenecks. The Commission is supporting all Member States to accelerate the implementation and revision of their plans, including through the Technical Support Instrument[3].

[1] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, p. 17.
[2] Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans, OJ L63, 28.2.2023, p. 1.
[3] https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes/technical-support-instrument_en

In 2023, the Commission made significant efforts to increase the clarity and transparency around the Facility's implementation. The Commission published, on 21 February 2023, its methodologies on (i) assessing the satisfactory fulfilment of milestones and targets and (ii) calculating the suspended amounts in case of non-fulfilment of a milestone or target. Today, jointly with this report, the Commission publishes its framework for dealing with potential situations where milestones and targets initially assessed as satisfactorily fulfilled by the Commission were subsequently reversed by the Member State.

Furthermore, the amendments to the RRF Regulation require Member States to publish information on the 100 final recipients receiving the highest amounts of RRF funding. The Commission rapidly provided the necessary guidance, requesting Member States to make this data available as soon as possible and update it twice per year, and consolidated the published information on the Recovery and Resilience Scoreboard. This information will also be used to populate the map on projects funded by the RRF, which was first published on 9 March 2023 and is regularly updated since. All these elements taken together significantly enhance accountability of the Commission decisions relating to the implementation of the RRF.

In 2023, also taking into account the recommendations of the European Parliament, the Council and the European Court of Auditors, the Commission further strengthened the robustness of its control framework to provide additional assurance on the regular use of RRF funds and the effective protection of the Union's financial interests. The Commission has, until 1 September 2023, carried out 14 risk-based ex-post audits on milestones and targets to obtain additional assurance that the information provided by the Member State on their satisfactory fulfilment is correct (7 in 2022 and 7 in 2023). After having verified the adequacy of the control systems of Member States to protect the financial interests of the Union at the moment of the RRP assessment, the Commission also conducted 27 audits of Member States' systems (16 in 2022 and 11 so far in 2023) and will have audited all Member States at least once by the end of 2023. Since 2023, a specific focus was put on Member States' compliance obligations with public procurement and state aid rules pursuant to Article 22(2), point (a) of the RRF Regulation. The declaration of assurance on the RRF, which results from this control framework, has been fully aligned with those issued by other DGs as of 2022.

The RRF will soon enter the second half of its lifetime, as an instrument that has proven its ability to incentivise structural reforms, amplify the impact of investments and maintain a sufficient level of flexibility to adapt to changing circumstances. Those achievements originate in the key performance-based feature of the Facility, linking disbursements to the gradual implementation of reforms and investments through agreed milestones and targets. Those achievements would not have been possible without the ownership and determination of the Member States to deliver on their recovery and resilience plans, and the input of institutions such as the European Parliament and the European Court of Auditors and of social and local stakeholders.

However, the work is far from over and a challenging implementing period lies ahead. The ongoing revision of the national plans benefits from the vast experience gathered so far and will contribute to speed up the instrument's implementation. Increased transparency in the implementation, the additional REPowerEU resources, and a focus on unlocking the administrative capacity of Member States set the stage for further acceleration of the implementation in 2024, and years beyond, until the end of 2026.

2. State of play on the implementation of the RRF

This report presents in detail the state of play in the implementation of the RRF (section 2), the contribution of the facility to the RRF objectives (section 3) and the state of play in the REPowerEU chapters (section 4). In annex, country fiches outline the progress for each RRP.

The information provided in this report is based on the content of the adopted plans, as assessed by the Commission, on the data reported by Member States until April 2023 as part of their bi-annual reporting obligations, on data from the Recovery and Resilience Scoreboard[4] as of 1 September 2023 and on developments in the implementation of the Facility until 1 September 2023[5], unless otherwise specified.

2.1. State of play on the implementation of RRPs

Adoption of the Recovery and Resilience Plans

Since the publication of the last Annual Report on 1 March 2022, the Council has adopted the five remaining Council Implementing Decisions (CIDs) on the RRPs of Bulgaria and Sweden on 4 May 2022, Poland on 17 June 2022, the Netherlands on 4 October 2022 and Hungary on 16 December 2022. The Commission assessed each plan expediently in a consistent and transparent manner, following the 11 criteria set out in Article 19(3) of the RRF Regulation. During the assessment process, the Commission was in close contact with the Member States to conduct a comprehensive assessment. The Commission supported Member States to put forward ambitious plans with clear and realistic milestones and targets to monitor their progress during the implementation. With all the RRPs approved and adopted, all attention is now directed towards the implementation of the plans and the ongoing revisions.

Operational arrangements

The Commission has signed operational arrangements with 24 Member States so far. In line with the RRF Regulation, these bilateral agreements further specify the modalities for monitoring, cooperation and aspects related to implementation. In addition, the operational arrangements lay out in more detail the verification mechanism for each milestone and target, and where necessary, include additional monitoring steps to follow-up on the implementation of the plan. To promote transparency, the Commission makes available the operational arrangements on its website[6].

The conclusion and signing of the operational arrangements are key steps in the implementation of RRPs. Although signed operational arrangements are not needed to receive pre-financing, they are a pre-condition for the Member State concerned to submit its

[4] https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html?lang=en

[5] The data in section 3 of this annual report reflects the latest recovery and resilience plans for Estonia and France adopted on 16 June 2023 and 14 July 2023 respectively, but not the latest plans for Malta and Slovakia adopted on 14 July 2023 as data for these two Member States was not yet fully available.

[6] https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages_en

first payment request. Depending on the national framework of the Member State, the process for concluding the operational arrangements can take longer than in other instances. On 1 September 2023, only three Member States were still in the process of finalising their operational arrangements or about to sign them (DE, NL, HU)[7].

Payment requests

By 1 September 2023, the Commission has received 31 payment requests from 19 Member States and disbursed a total amount of EUR 153.4 billion. This includes the EUR 56.6 billion in RRF pre-financing granted to 21 Member States until 31 December 2021. EUR 106.3 billion of the total amount disbursed to Member States concern non-repayable support and EUR 47.1 billion concern loans. Table 1 and Table 2 provide an overview of the submission of payment requests by the Member States and the corresponding disbursements by the Commission, following a positive assessment of the milestones and targets covered by the respective payment request.

Table 1: Processing of payment requests[8]

	Requested amount	Number of M&Ts	Submission date	Payment date
Spain	EUR 10 bn	52	11 November 2021	27 December 2021
France	EUR 7.4 bn	38	26 November 2021	4 March 2022
Greece	EUR 3.6 bn	15	29 December 2021	8 April 2022
Italy	EUR 21 bn	51	30 December 2021	13 April 2022
Portugal	EUR 1.1 bn	38	25 January 2022	9 May 2022
Croatia	EUR 700 mn	34	15 March 2022	28 June 2022
Slovakia	EUR 398.7 mn	14	29 April 2022	29 July 2022
Spain	EUR 12 bn	40	30 April 2022	29 July 2022
Romania	EUR 2.6 bn	21	31 May 2022	27 October 2022
Latvia	EUR 201 mn	9	17 June 2022	7 October 2022
Italy	EUR 21 bn	45	29 June 2022	8 November 2022
Cyprus	EUR 85 mn	14	28 July 2022	2 December 2022
Bulgaria	EUR 1.37 bn	22	31 August 2022	16 December 2022
Croatia	EUR 700 mn	25	19 September 2022	16 December 2022
Portugal	EUR 1.8 bn	20	30 September 2022	8 February 2023
Greece	EUR 3.56 bn	28	30 September 2022	19 January 2023
Slovenia	EUR 49.6 mn	12	20 October 2022	20 April 2023
Slovakia	EUR 708.8 mn	16	25 October 2022	22 March 2023
Spain	EUR 6 bn	29	11 November 2022	31 March 2023
Czechia	EUR 928.2 mn	37	25 November 2022	22 March 2023
Lithuania	EUR 542 mn	33	30 November 2022	10 May 2023
Denmark	EUR 301.5 mn	25	16 December 2022	26 April 2023
Romania	EUR 2.8 bn	51	16 December 2022	Commission's preliminary assessment adopted
Malta	EUR 52.3 mn	19	19 December 2022	8 March 2023
Austria	EUR 700 mn	44	22 December 2022	20 April 2023
Luxembourg	EUR 25 mn	26	28 December 2022	16 June 2023
Italy	EUR 19 bn	55	30 December 2022	Commission's preliminary

[7] For Germany, the operational arrangements have been signed by the Commission on 4 September. For Hungary, signature is expected in Q3 2023. For the Netherlands, signature will happen only once a revision of the plan is adopted.
[8] Cut-off date of 1 September 2023

	Requested amount	Number of M&Ts	Submission date	Payment date
				assessment adopted
Greece	EUR 1.72 bn	42	16 May 2023	Commission's assessment ongoing
Estonia	EUR 286 mn	29	30 June 2023	Commission's assessment ongoing
Croatia	EUR 700 mn	45	24 July 2023	Commission's assessment ongoing
France	EUR 10.3 bn	55	31 July 2023	Commission's assessment ongoing

Note: Data is presented in chronological order of the payment request submission date and net of pre-financing.

Source: European Commission

Table 2: State of play on implementation of RRF payment requests

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE
27 plans approved by the Commission and adopted by the Council																											
21 pre-financing disbursed (EUR 56.6 billion)		▲					*										▲		▲		▲						▲
24 Operational Arrangements signed																											
31 payment requests submitted to the Commission								3x	3x	2x	3x	3x										2x	2x		2x		
25 payments disbursed (EUR 96.8 billion)								2x	3x		2x	2x										2x			2x		

Note: * No pre-financing was requested by Ireland. ▲ As prerequisite for pre-financing, the CID had to be adopted by 31 December 2021.

Source: European Commission

While the implementation of the RRPs is broadly on track, some Member States are facing challenges in administering funds, due in part to limited administrative capacity or investment bottlenecks within the Facility's tight timelines. The revisions of RRPs and the addition of REPowerEU chapters have also impacted the disbursement schedule of RRF funds, as the first half of 2023 has seen a slowdown in the submission of payment requests, with Member States focusing their efforts on the revision of plans and the addition of REPowerEU chapters. More information on the progress in implementing milestones and targets, based on the bi-annual reporting, is detailed in the next section.

The Commission continues to underline that the first priority remains the swift implementation of the RRPs, as demonstrated in the 2023 country-specific recommendations (CSRs), and stands ready to support Member States as they deliver on their agreed reform and investment commitments. The successful revision of the plans in 2023 is an opportunity for Member States to address issues related to administrative capacity, increase the absorption capacity of RRF funds and catch up on the disbursement schedule. This involves introducing additional reforms and investments in modified RRPs aiming to address specific regulatory hurdles and investment bottlenecks identified in the implementation so far. This also comprises measures to improve the organisation, capacity and means of national administrations directly involved in the implementation of plans. These measures can rely on the technical assistance from the Commission provided via the Technical Support Instrument (TSI). 23 Member States have received or are currently receiving general support for the horizontal aspects of RRP implementation, including the support for revision of the plans, while all 27 MS are benefiting from the thematic support linked to RRF measures' implementation[9].

Progress in implementing milestones and targets

In line with Article 27 of the RRF Regulation, Member States must report twice a year in the context of the European Semester on the progress made in the implementation of their RRPs. The Commission Delegated Regulation (EU) 2021/2106 further specifies this obligation, setting the deadlines for the bi-annual reporting at no later than by 30 April and 15 October. Member States report their progress in achieving their milestones and targets due in the past and due twelve months into the future. Whilst the data is self-reported by the Member States and not verified by the Commission, it provides a comprehensive stocktaking on the implementation of all plans and enables the monitoring of progress in implementing the RRPs.

Member States continue to report good progress in their implementation of RRPs, with a minority of milestones and targets reported as not yet complete or delayed. The bi-annual reporting round indicates that the vast majority of milestones and targets due by April 2023 are either fulfilled[10] or reported as completed[11] (Figure 1). The progress of upcoming milestones and targets is also encouraging, with a significant number of milestones and targets reported as on track[12] or already completed (Figure 2).

There is an increasing balance between the number of reforms and investments reported as fulfilled or completed. The progress of reforms – particularly the adoption of legal texts and relevant policy preparations – was more prominent in previous reporting rounds, as reforms had often been frontloaded in Member States' RRPs to build the framework for subsequent investment projects to have a higher impact. Moreover, the completion of investment-related targets such as, for example, the construction of infrastructure requires some time, and such targets are typically less represented in the first schedules of payment requests even if their actual implementation might have already started. However, progress on investment is now more visible with more investment- than reform-related milestones and

[9] https://reform-support.ec.europa.eu/what-we-do/recovery-and-resilience-plans_en

[10] Milestones and targets which have already been assessed as satisfactorily fulfilled by the Commission in the context of a payment request have the status 'fulfilled'.

[11] The progress status of each backward-looking milestone and target (i.e. those planned to be achieved up to the quarter before the reporting date) can be either 'completed' or 'not completed'.

[12] The status of forward-looking milestones and targets (i.e. those planned to be achieved in the quarter of the reporting date and the three following quarters) milestones and targets can be 'completed', 'on track', or 'delayed'.

targets being on track to be completed in the next 12 months (Figure 3). This is an expected development in the RRF, as the implementation progresses gradually from more reform-focussed to more investment-focussed milestones and targets.

Figure 1: Progress of milestones and targets due in the past, for Q1 2020 to Q1 2023

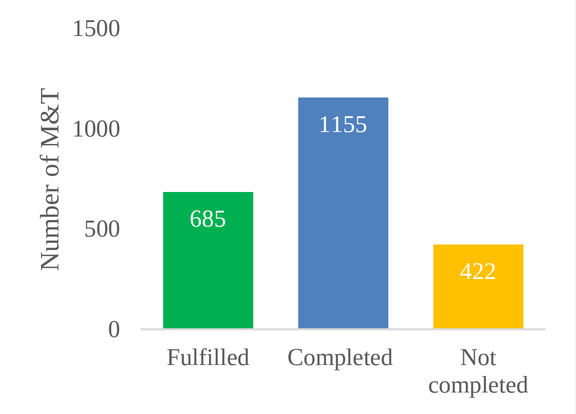
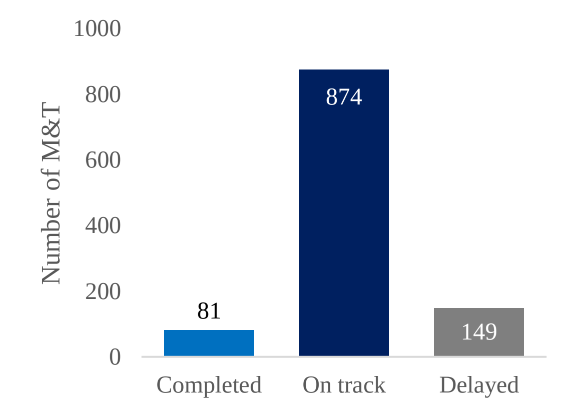
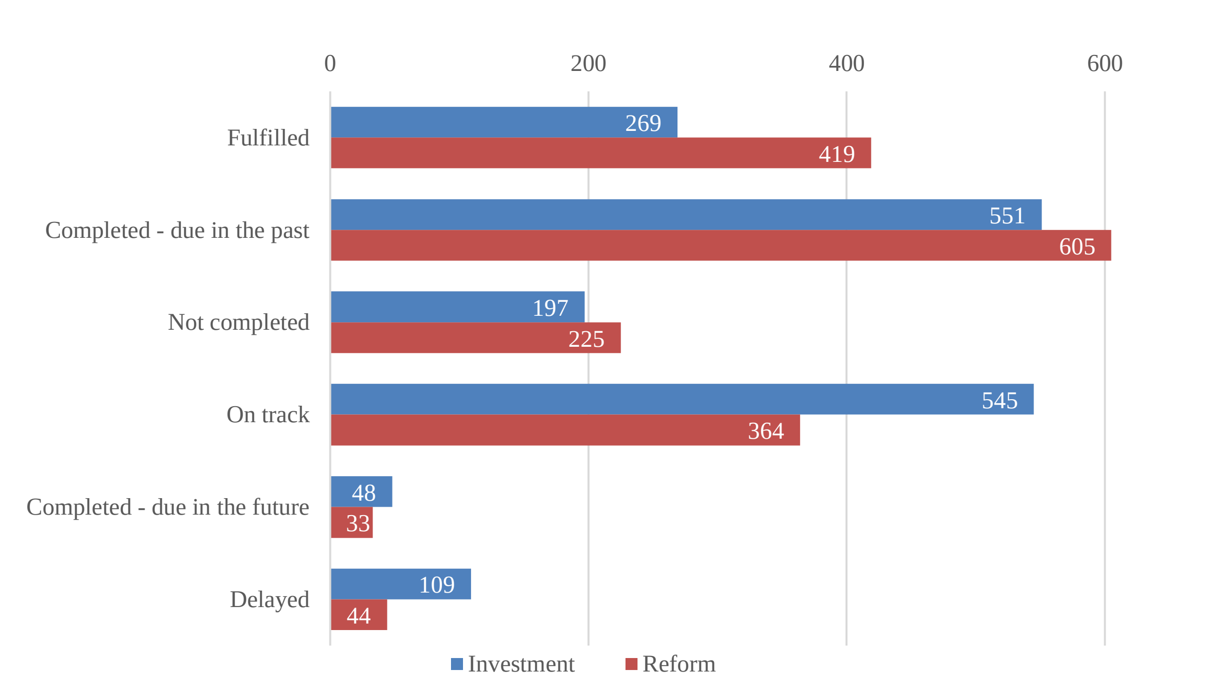


Figure 2: Progress of milestones and targets due in the future, for Q2 2023 to Q2 2024



Source: European Commission.

Figure 3: Progress of reforms- and investment-related milestones and targets



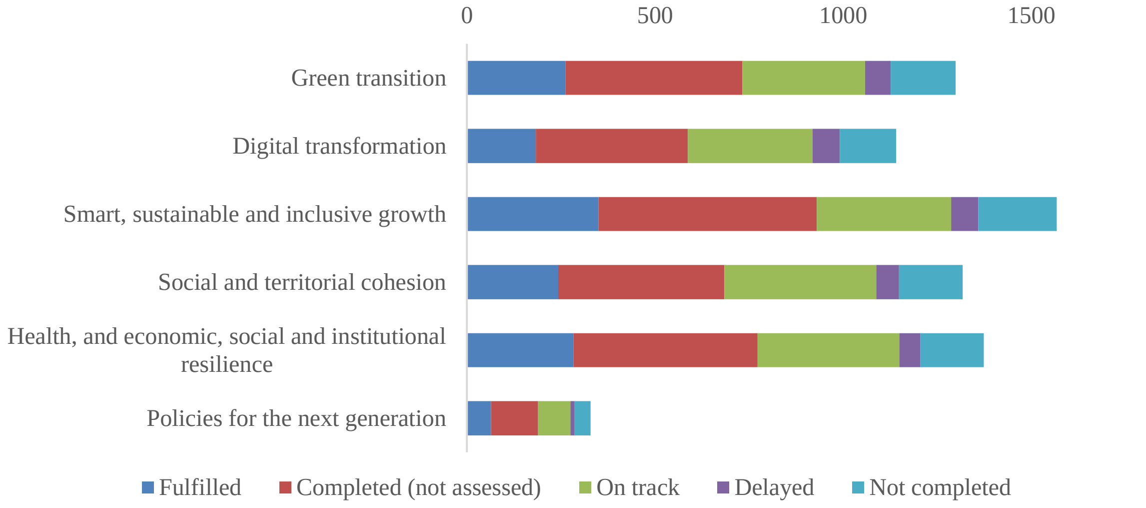
Source: European Commission.

Milestones and targets appear to be comparably implemented across all six RRF policy pillars[13], according to the bi-annual reporting data. The most progress have been reported for measures contributing to pillar 3 on ‘smart, sustainable and inclusive growth’, pillar 5 on

[13] This chart shows estimated number of milestones and targets based on the pillar tagging methodology for the Recovery and Resilience Scoreboard. Based on the Commissions’ methodology, each measure is tagged under one primary and one secondary policy area, based on a list of policy areas, linked to the six pillars. Consequently, each milestone and target are related to several pillars.

‘health, and economic, social and institutional resilience’ and pillar 4 on ‘social and territorial cohesion’ (Figure 4). These pillars – along with pillar 1 on ‘green transition’ – are supported by the highest number of measures, so it is unsurprising that they experience the most progress.

Figure 4: Progress of milestones and targets per RRF Pillar



Source: European Commission.

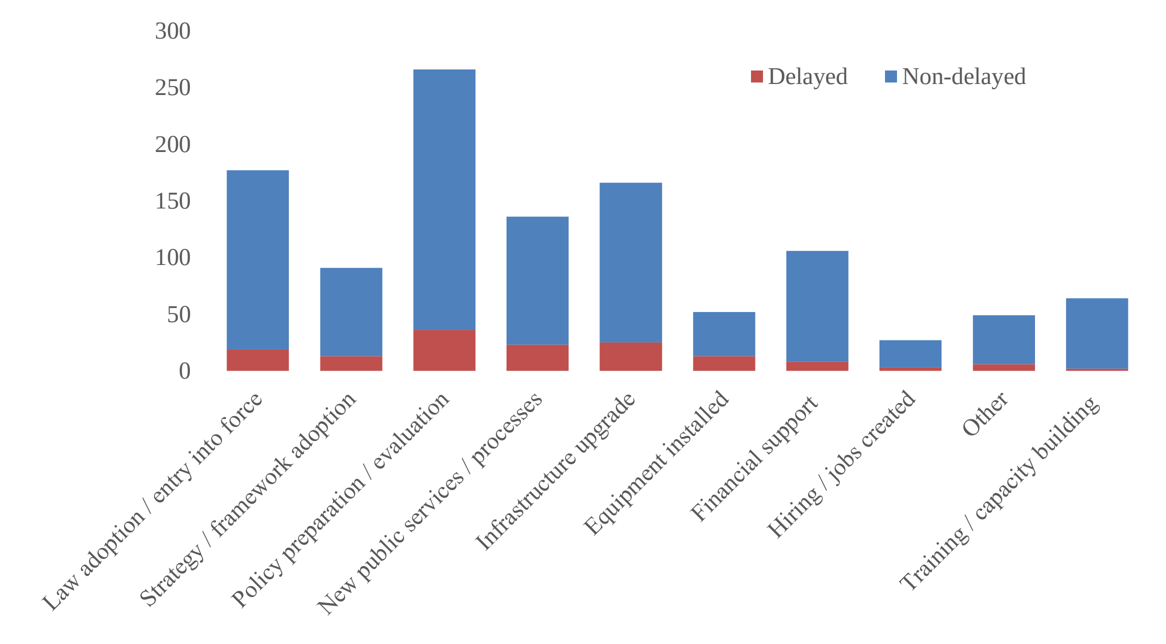
Whilst the number of M&Ts reported as delayed is overall small, the areas[14] of policy preparation, new public services and processes, as well as infrastructure upgrades appear to experience more delays in implementation (Figure 5), based on the bi-annual reporting. As these three areas cover a large number of milestones and targets in this reporting period, the delays might not be significant or unproportionate compared to the other areas.

When providing explanation for the delays, Member States reported difficulties in meeting the deadline for signatures of contracts and unexpected time lags in construction works. In general, Member States have not consistently provided detailed explanations for delays and did not generally consider them substantial.

Whilst the indicative target dates of some milestones and targets have been delayed, others have been brought forward. According to the latest round of bi-annual reporting data, the delays in the target date for implementation reported by Member States mostly affect milestones and targets that should have initially been implemented in 2022 (Table 3), with a median period of 181 days of reported delays. Milestones and targets that were initially planned to be implemented in 2023 appear, at the moment, to experience fewer delays. It is also worth noting that, for several milestones and targets, the target date of implementation was brought forward[15].

[14] The classification of milestones and targets in this paragraph was developed by the European Commission and is not reported as such by the Member States in the bi-annual reporting exercise.
[15] Such M&Ts’ reported target date of implementation is at least one quarter (i.e. 91 days) earlier than initially envisaged in the Member State’s CID.

Figure 5: Type of delayed milestones and targets



Note: The classification of milestones and targets in the above figure was developed by the European Commission and is not reported as such by the Member States in the bi-annual reporting exercise.

Source: European Commission.

Table 3: Number and median period of M&Ts with a delayed or early reported target date of implementation, for reforms and investments

			Initial target date of implementation				
			2020	**2021**	**2022**	**2023**	**2024**
M&Ts for which Member States delayed the reported target date of implementation	Reforms	Number of M&Ts	8	51	135	40	2
		Median period of delay (in days)	48.5	91	181	182.5	320
	Investments	Number of M&Ts	0	32	139	59	7
		Median period of delay (in days)	n/a	120	181	274	275
M&Ts for which Member States brought the reported target date of implementation forward	Reforms	Number of M&Ts	5	20	20	14	1
		Median period of advance (in days)	115	149	246	308	366
	Investments	Number of M&Ts	0	7	20	21	4
		Median period of advance (in days)	n/a	131	318	365	458

Note: This table is based on self-reported data provided in the context of the bi-annual reporting, in which Member States report on the progress of forward-looking milestones and targets up to Q2 2024. As a result, no data is available on potential delays for milestones and targets to be implemented in 2025 and 2026. Milestones and targets are considered to be implemented in advance when they are implemented in the quarter previous to the one initially targeted.

Source: European Commission.

Performance of the Facility based on the common indicators

The common indicators show the progress in the implementation of the RRPs towards common objectives and the overall performance of the RRF. While in the framework of the RRF, the fulfilment of milestones and targets constitutes the key metric for the implementation of each RRP, the common indicators represent a set of 14 indicators that were established by Commission Delegated Regulation 2021/2106[16] on 28 September 2021 to display the overall performance and progress of the Facility towards its objectives[17].

Member States report bi-annually on their progress towards the common indicators. As per the delegated Regulation 2021/2106, Member States report by 28 February (covering the reporting period of July and December of the previous year) and by 31 August (covering the reporting period of January to June of the same year). The Commission publishes the common indicators data on the Recovery and Resilience Scoreboard[18], after performing a few data checks to ensure the comparability of the data[19]. In line with the requirements of the Commission Delegated Regulation, where data are published at the level of each Member State, these are presented in relative terms.

The data reported by the Member States so far show that the RRF has already achieved considerable progress towards the common indicators and across all policy pillars. To date, the data of three reporting rounds have been reviewed and published on the Recovery and Resilience Scoreboard, covering the progress achieved in the period from February 2020 to December 2022. Since the common indicators are designed to capture progress reached on the ground, earlier stages of implementation of measures in the RRPs are often not reflected in the data. Figure 6 shows the current state of progress towards the common indicators, reflecting important achievements towards the objectives of the Facility and the EU's key priorities.

For instance, about 22 million Megawatt ('MWh') of savings in annual energy consumption have already been achieved by December 2022 thanks to support from the RRF (Figure 7). Reducing our energy consumption and increasing energy efficiency are among the EU's top priorities and a pre-condition for the clean-energy transition and common indicator (1) captures the reduction in annual primary energy consumption achieved with RRF support. For context, the energy savings achieved so far approximately correspond to the installed electricity capacity in Belgium. Examples are reductions of energy consumption in buildings, schools, hospitals or in enterprises.

Until December 2022, the RRF had helped 1.43 million enterprises either through monetary or in-kind support (Figure 8). The COVID-19 crisis has had a heavy impact on the entire EU economy and small and medium-sized enterprises ('SMEs') have particularly suffered from the crisis. Looking at the support provided to boost EU economies and to help enterprises, common indicator (9) shows the number of enterprises supported by measures under the RRF.

[16] Commission Delegated Regulation (EU) 2021/2106 of 28 September 2021 on supplementing Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility by setting out the common indicators and the detailed elements of the recovery and resilience scoreboard.

[17] They cover elements which are common to most RRPs, but they are not designed to capture all aspects of the plans, in view of their significant heterogeneity and limited number.

[18] See https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html

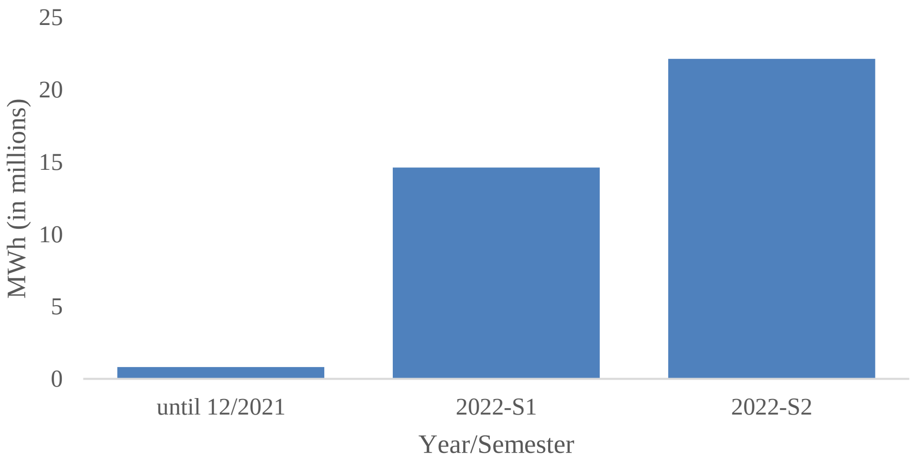
[19] The Commission has no basis to audit or verify the quality of the data submitted by Member States nor to alter or refuse specific reporting by Member States.

Figure 6: State of progress towards the common indicators[20]

(1) Savings in annual primary energy consumption Total: **22.132.138 MWh/year**	(2) Additional operational capacity installed for renewable energy Total: **1.061 MWh** (hydrogen 0 MWh)	(3) Alternative fuels infrastructure (refuelling/recharging points) Total: **512.543**
(4) Population benefitting from protection measures against floods, wild fires, and other climate related natural disasters Total: **5.875.129**	(5) Additional dwellings with internet access provided via very high capacity networks Total: **17.787.329**	(6) Enterprises supported to develop digital products, services and application processes Total: **379.435**
(7) Users of new and upgraded public digital services, products and processes Total: **247.798.959**	(8) Researchers working in supported research facilities Total: **5.211**	(9) Enterprises supported (of which: small – including micro, medium, large) Total: **1.429.820**
(10) Number of participants in education or training Total: **6.888.121**	(11) Number of people in employment or engaged in job searching activities Total: **688.091**	(12) Capacity of new or modernised health care facilities Total: **18.646.974**
(13) Classroom capacity of new or modernised childcare and education facilities Total: **555.062**	(14) Number of young people aged 15-29 years receiving support Total: **4.115.196**	

Source: Recovery and Resilience Scoreboard.

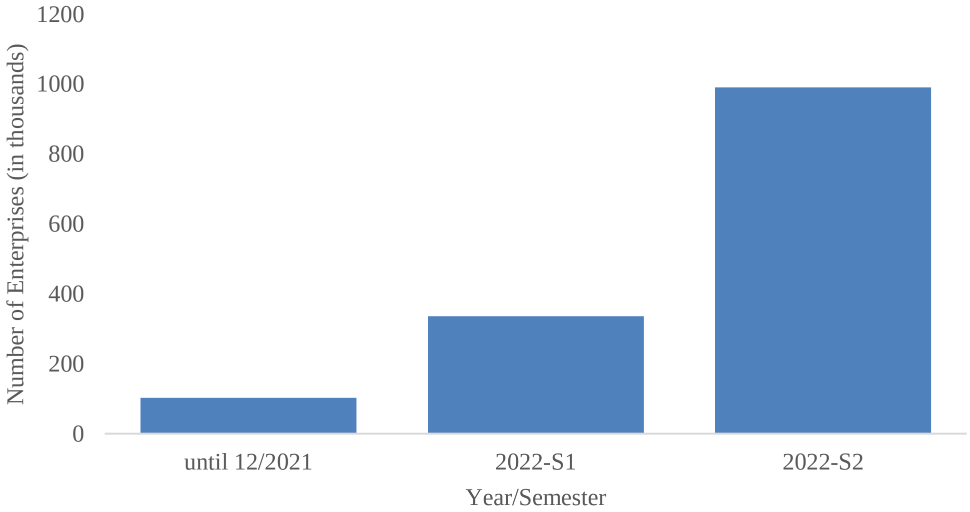
Figure 7: Evolution of savings in annual primary energy consumption in MWh per year



Source: Recovery and Resilience Scoreboard.

[20] The data in the below figure corresponds to the data provided by the Member States in the February 2023 reporting round, covering the period from February 2020 and December 2022. For more information, please consult the Recovery and Resilience Scoreboard.

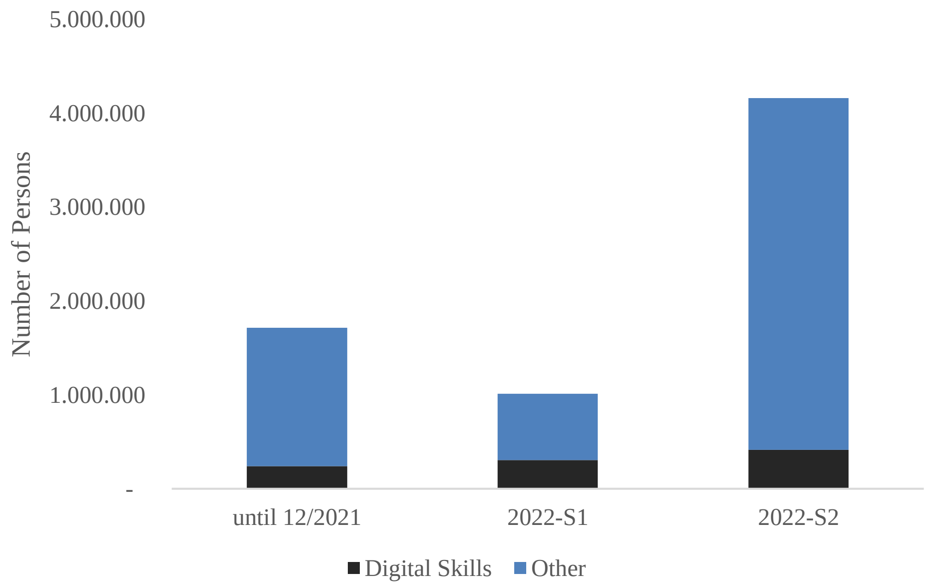
Figure 8: Evolution of number of enterprises supported



Source: Recovery and Resilience Scoreboard.

In the second half of 2022, over 4 million people have been trained with RRF support (Figure 9). The COVID-19 crisis also heavily disrupted EU education and training systems, and common indicator (10) reflects the contribution of the RRF to education and training and the development of skills, by displaying the number of participants in education and training due to support received through RRF measures. Reforms and investments in education and training are crucial to prepare citizens for today's challenges, in particular the digital and green transitions, and to ensure that they have the possibility to develop the skills they need. A particular focus is placed on trainings to improve digital skills, in light of their ever-growing importance on the labour market and in society.

Figure 9: Evolution of participants in education or training



Source: Recovery and Resilience Scoreboard.

2.2. Increased transparency in the assessment of payment requests

RRF funds can only be disbursed on the condition of satisfactorily fulfilment of the relevant milestones and targets covered by the payment request, under Article 24 of the RRF Regulation. The Commission's assessment of the milestones and targets is a core feature of the RRF and requires detailed analysis to determine if the Member States have fulfilled their obligations in a satisfactory way.

In its Communication on the two-year anniversary of the RRF published on 21 February 2023[21], the Commission increased predictability and transparency by presenting the implementation tools used during the assessment of payment requests. The Communication and its annexes provide a detailed description of both the framework used for assessing milestones and targets and the payment suspension methodology.

Framework for assessing milestones and targets under the RRF Regulation

The Commission published in February 2023 its framework for assessing the satisfactory fulfilment of the milestones and targets, to support national authorities, stakeholders, and the wider public, in their understanding of how the implementation of measures supported by the RRF is evaluated before each disbursement.

The satisfactorily fulfilment of milestones and targets is assessed on the basis of the CIDs approving the RRPs. The Commission relies on the description of each milestone and target in light of its context and purpose to determine the requirements that Member States must fulfil. It then establishes, based on the due justifications provided by the Member States, whether a specific milestone or target has been satisfactorily fulfilled. In a limited number of circumstances and in line with the application of the *de minimis* principle, minimal deviations linked to the amounts, formal requirements, timing or substance can be accepted. The full methodology representing the framework that the Commission is relying upon for conducting the assessment of payment request is presented in Annex I to the Communication published on 21 February 2023[22].

Payment suspension process

In February 2023, the Commission also published its methodology to determine the amount to be suspended if a milestone or target is not satisfactorily fulfilled, in full respect of the principles of equal treatment and proportionality. The RRF Regulation caters for exceptional circumstances where Member States might be confronted with delays in the implementation of measures, affecting the timely fulfilment of some milestones and targets. These situations should not prevent payments from being made for milestones and targets that have been satisfactorily fulfilled[23]. The Regulation thus provides for a mechanism

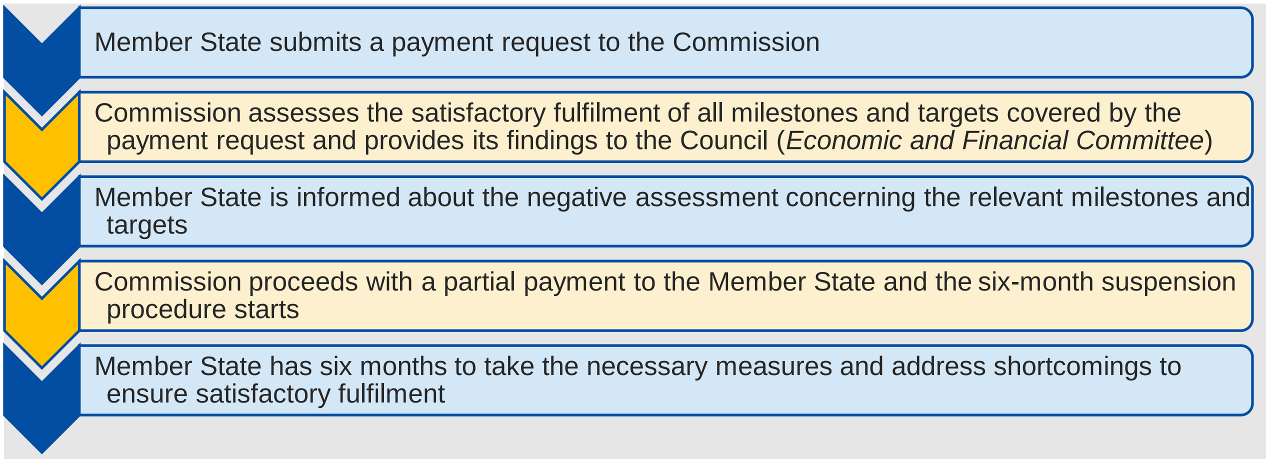
[21] See COM(2023) 99 final.
[22] See COM(2023) 99 final.
[23] Partial suspension is not possible in case of non-fulfilment of milestones or targets related to a Member State's control system, which are necessary for the protection of the financial interests of the Union. Such a case always leads to the suspension of the full instalment and all future instalments, until the non-fulfilment is remedied.

to give Member States additional time (up to six months) to implement the relevant milestone or target. In such situation, the RRF Regulation provides the possibility for the Commission to suspend payments partially or fully, thereby also ensuring compliance with the principle of sound financial management.

The payment suspension allows Member States to submit a payment request even if not all milestones and targets are fulfilled yet. The suspension procedure (Figure 10) provides time for Member States to fulfil the relevant milestones and targets that are considered as not fulfilled within six months after the adoption of a suspension decision. Ultimately, if the Member State is not able to fulfil the relevant milestone or target within this six-month period, its financial contribution or loan support will be permanently reduced, in line with Article 24(6) of the RRF Regulation. The full methodology detailing the calculation of the amount to be suspended is presented in Annex II to the Communication published on 21 February 2023.

In 2023, the Commission encountered the first cases of non-satisfactory fulfilment[24]. In each case, the Commission outlined in a letter to the concerned Member State the reason why the milestones or targets were considered as non-fulfilled and the associated amount to be suspended in line with the procedures foreseen in the RRF Regulation. It is the concerned Member State's prerogative to share this information with the Economic and Financial Committee (EFC). So far, the Member States concerned have shared their letter with the EFC.

Figure 10: Process for the payment suspension



Source: European Commission

2.3. Reversal of milestones and targets under the RRF

In accordance with the second sentence of Article 24(3) of the RRF Regulation, "*[t]he satisfactory fulfilment of milestones and targets shall presuppose that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed by the Member State concerned*".

[24] For the Lithuanian payment request, see https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1286.

Today, jointly with this report, the Commission publishes its framework for the application of this provision (see Annex II). The framework addresses a recommendation from the European Court of Auditors[25] and provides legal clarity and transparency on the process to be followed in case of a reversal, ensuring the continued implementation of the RRF and protection of the financial interests of the EU. The Commission can review and amend this methodology as it gathers more experience with its application.

2.4. Revision of RRPs

The REPowerEU plan recognises that the RRF can play an important role in achieving secure, affordable and clean energy and the amended RRF Regulation entered into force in February 2023, as part of the Commission's response to the recent energy and geopolitical developments. The RRF Regulation was thus amended in order to support new or scaled-up reforms and investments dedicated to diversifying energy supplies (in particular fossil fuels), increase energy savings, accelerate the clean energy transition and ultimately to increase the resilience, security and sustainability of the Union's energy system. To be able to use the additional funds, the amended RRF Regulation invites Member States to revise their RRPs to add new or 'scaled-up' energy-related reforms and investments through a dedicated 'REPowerEU chapter'. The amended Regulation also introduces a set of REPowerEU objectives that these added measures should achieve (see Article 21(c) of the amended RRF Regulation).

The swift implementation of the RRPs remains the first priority and revisions of the RPPs and submission of the REPowerEU chapters should not pre-empt Member States from respecting the timelines foreseen in the CIDs. Member States should continue to undertake all possible efforts to submit payment requests on time and ensure progress with reforms and investments, allowing for a timely disbursement of funds.

Since the entry into force of the amended RRF Regulation in February 2023, 20 Member States submitted their modified RRPs along with REPowerEU chapters, which will contribute to the transition of Member States towards renewable energy sources, increase energy efficiency and decrease Europe's dependence on Russian fossil fuels.

State of play of modification of RRPs and submission of REPowerEU chapters

Member States can submit a reasoned request to the Commission to make a proposal to amend or replace their existing RRPs under four grounds for revisions[26]. Firstly, Member States should propose new or 'scaled-up' energy-related reforms and investments through a dedicated 'REPowerEU chapter'. Secondly, Member States can, under Article 18(2), propose to adjust upwards or downwards their measures to factor in the updated maximum financial contribution published on 30 June 2022. Thirdly, Member States have the possibility to request an amendment of their plan if one or more milestones and targets in their

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[25] Special report 07/2023: Design of the Commission's control system for the RRF

[26] For further information on the process of modifying existing plans and the modalities for preparing REPowerEU chapters, see the Commission Notice Guidance on Recovery and Resilience Plans in the context of REPowerEU (2023/C 80/01)

RRP are no longer achievable due to objective circumstances, in line with Article 21 of the RRF Regulation. Finally, Member States had until 31 August 2023 to request support under the loan component of the RRF and to revise their plans accordingly, submitting them for assessment by the Commission. More information on the loan component is provided in the next section.

By 1 September 2023, the Commission has received 25 modified RRPs and 20 REPowerEU chapters (Table 4). Eight modified RRPs (Germany, Estonia, Ireland, France, Luxembourg, Malta, Slovakia and Finland), four of which include REPowerEU chapters (Estonia, France, Malta and Slovakia) were adopted by the Council. At the time of preparation of this annual report, the Commission was assessing the modifications proposed by 16 Member States. Table 5 outlines the legal bases used by Member States to amend their RRPs, in line with the RRF Regulation.

Table 4: Overview table submission of modified RRPs and REPowerEU chapters[27]

	Date of submission	REPowerEU Chapter submitted	Date of Commission's positive assessment	Date of adoption by Council
Belgium	20 July 2023	Yes	Assessment ongoing	
Bulgaria				
Czechia	30 June 2023	Yes	Assessment ongoing	
Denmark	31 May 2023	Yes	Assessment ongoing	
Germany	9 December 2022	No	17 January 2023	14 February 2023
Estonia	9 March 2023	Yes	12 May 2023	16 June 2023
Ireland	22 May 2023	No	26 June 2023	14 July 2023
Greece	31 August 2023	Yes	Assessment ongoing	
Spain	6 June 2023	Yes	Assessment ongoing	
France	20 April 2023	Yes	26 June 2023	14 July 2023
Croatia	31 August 2023	Yes	Assessment ongoing	
Italy	11 July 2023	No	28 July 2023	Not adopted yet
	7 August 2023	Yes	Assessment ongoing	
Cyprus	1 September 2023	Yes	Assessment ongoing	
Latvia				
Lithuania	30 June 2023	Yes	Assessment ongoing	
Luxembourg	11 November 2022	No	9 December 2022	17 January 2023
Hungary	31 August 2023	Yes	Assessment ongoing	
Malta	26 April 2023	Yes	26 June 2023	14 July 2023
Netherlands	6 July 2023	Yes	Assessment ongoing	
Austria	14 July 2023	Yes	Assessment ongoing	
Poland	31 August 2023	Yes	Assessment ongoing	
Portugal	26 May 2023	Yes	Assessment ongoing	
Romania				
Slovenia	14 July 2023	Yes	Assessment ongoing	
Slovakia	26 April 2023	Yes	26 June 2023	14 July 2023
Finland	26 January 2023	No	28 February 2023	7 March 2023
Sweden	24 August 2023	Yes	Assessment ongoing	

Source: European Commission

[27] Cut-off date of 1 September 2023 (inclusive).

Table 5: Legal basis used by Member States in modifying their RRPs

	Addition of REPowerEU chapter (Article 21c)	Adjustment following the update of the maximum financial contribution (Article 18(2))	Amendment due to objective circumstances (Article 21)	Addition of measures to take up additional RRF loans (Article 14)
Belgium	●	●	●	●
Bulgaria				
Czechia	●	●	●	●
Denmark	●			
Germany			●	
Estonia	●	●	●	
Ireland			●	
Greece	●		●	●
Spain	●	●	●	●
France	●	●	●	
Croatia	●	●	●	●
Italy	●	●	●	
Cyprus	●	●	●	
Latvia				
Lithuania	●	●	●	●
Luxembourg		●		
Hungary	●		●	●
Malta	●	●	●	
Netherlands	●		●	
Austria	●		●	
Poland	●	●	●	●
Portugal	●	●	●	●
Romania				
Slovenia	●	●	●	●
Slovakia	●	●	●	
Finland		●		
Sweden	●	●		

Source: European Commission

Revised non-repayable support under the RRF

Under Article 18(2) of the RRF Regulation, Member States can update their RRPs to factor in the updated maximum financial contribution published on 30 June 2022. Member States who have a decreased maximum financial contribution can revise their plans accordingly. Member States who have an increased maximum financial contribution can use these additional resources to fund investments and reforms included in their revised plans or REPowerEU chapter. Table 6 below provides an overview of Member States' change in non-repayable financial support under Article 18.

Table 6: Change in non-repayable financial support under Article 18 of the RRF Regulation

	Change in non-repayable financial support under Article 18 (in EUR, current prices)
Belgium	-1,400,569,368
Bulgaria	-578,533,524
Czechia	603,614,884
Denmark	-122,251,741
Germany	2,405,023,531
Estonia	-106,027,582

	Change in non-repayable financial support under Article 18 (in EUR, current prices)
Ireland	-74,597,916
Greece	-343,234,449
Spain	7,701,317,190
France	-1,919,823,196
Croatia	-785,114,933
Italy	143,242,804
Cyprus	-90,187,539
Latvia	-128,150,411
Lithuania	-125,059,297
Luxembourg	-10,834,458
Hungary	-1,363,094,805
Malta	-58,127,595
Netherlands	-1,253,935,169
Austria	289,454,205
Poland	-1,330,690,569
Portugal	1,633,096,593
Romania	-2,119,187,698
Slovenia	-285,970,648
Slovakia	-322,838,535
Finland	-263,289,938
Sweden	-107,279,840

Source: European Commission

Loans under the RRF

To finance new investments and reforms included in the REPowerEU chapter, Member States can also benefit from the highly favourable financing conditions of RRF loans, which they had to request by 31 August 2023**.** Table 7 below provides an overview of the requests (including the amount of loans) submitted by Member State by the legal deadline. This information was also shared with the European Parliament and the Council on 1 September 2023.

Table 7: Loans requested by Member States by 31 August 2023

	Amount of committed loans under first RRPs (in EUR, current prices)	Amount of additional requested loans with revision of RRPs (in EUR, current prices)	Amount of total loans to be committed* (in EUR, current prices)	Meeting or exceeding the 6.8% of GNI ceiling
Belgium		264,200,000	264,200,000	No
Bulgaria				No
Czechia		818,100,000	818,100,000	No
Denmark				No
Germany				No
Estonia				No
Ireland				No
Greece	12,727,538,920	5,000,000,000	17,727,538,920	Yes
Spain		84,267,050,000	84,267,050,000	No
France				No
Croatia		4,442,508,187	4,442,508,187	Yes
Italy	122,601,810,400		122,601,810,400	Yes
Cyprus	200,320,000		200,320,000	No
Latvia				No
Lithuania		1,722,000,000	1,722,000,000	No
Luxembourg				No

	Amount of committed loans under first RRPs (in EUR, current prices)	Amount of additional requested loans with revision of RRPs (in EUR, current prices)	Amount of total loans to be committed* (in EUR, current prices)	Meeting or exceeding the 6.8% of GNI ceiling
Hungary		3,920,000,000	3,920,000,000	No
Malta				No
Netherlands				No
Austria				No
Poland	11,506,500,000	23,034,803,518	34,541,303,518	Yes
Portugal	2,699,000,000	3,191,756,353	5,890,756,353	No
Romania	14,942,153,000		14,942,153,000	Yes
Slovenia	705,370,000	587,000,000	1,292,370,000	No
Slovakia				No
Finland				No
Sweden				No
EU 27	165,382,692,320	127,247,418,058	292,630,110,378	

Note: *The loan requests submitted by 31 August 2023 are still to be assessed by the Commission in line with Article 19 of the RRF Regulation and the revised plans to be approved by the Council. This table therefore only gives a preliminary view of what the total amount of loans committed under the RRF could be.

Source: European Commission

Under REPowerEU, Member States will be able to receive pre-financing in two tranches, between 2023 and 2024. This will be possible after submitting the REPowerEU chapter, provided that the relevant CIDs are adopted by the Council by 31 December 2023. For measures included in the REPowerEU chapters, Member States will be able to request pre-financing of up to 20% of the additional REPowerEU funding sources from the Emissions Trading System ('ETS') allowances and the transfers from Brexit Adjustment Reserve ('BAR'), the increased allocation under the RRF as updated by June 2022, and under the remaining RRF loan component.

2.5. State of play on financing the RRF

State of play of the NextGenerationEU Funding

Under NextGenerationEU, the Commission can raise up to EUR 806.9 billion between mid-2021 and 2026 through the issuance of EU-Bonds. This makes the EU one of the largest issuers of euro-denominated debt in this period. Despite market volatility over the past year, the Commission was able to meet in a timely manner all its disbursement commitments under NextGenerationEU and continue to pursue its objectives of raising funds in the markets in an effective and efficient way.

In June 2022, the Commission announced its funding plan for the period June to end-December 2022. In line with this funding plan, the Commission raised an additional EUR 50 billion in long-term funding for NextGenerationEU, complemented by short-term EU-Bills issuances. The bonds issued were a combination of conventional and green bonds, in full respect of the NextGenerationEU green bond framework. These transactions have brought the total outstanding amount of NextGenerationEU bonds to EUR 171 billion, of which EUR

36.5 billion were raised by issuing green bonds. The total amount of EU-Bills outstanding at the end of December was EUR 17 billion.[28]

In December 2022, the Commission announced its funding plan for the period January to end-June 2023, which was comprised of long-term funding operations of up to EUR 80 billion. Eventually, EUR 78 billion in EU-Bonds was issued, with an average maturity of around 14 years. In the first half of 2023, the Commission also issued 3-month and 6-month EU-Bills through bi-monthly auctions to meet short-term funding needs, with EUR 17.9 billion in EU-Bills outstanding at the end of June 2023. Twelve auctions were used to issue 24 EU-Bills, with an average size of around EUR 1 billion each.

On the back of these successful issuances, the EU has been able to continue the smooth funding of Member States' RRPs through timely disbursements of the proceeds. The Commission made all disbursements to Member States under the RRF as soon as they fell due, on average within six working days after the authorisation of the disbursement. No delays were experienced.

Green Bond framework

In 2020 the Commission announced that 30% of NextGenerationEU (NGEU) bonds would be issued as green bonds. This demonstrates the Commission's commitment to sustainable finance, bringing a new highly-rated and liquid green asset to the market, giving access to green investments for a wide range of investors, and strengthened the role of the European Union and of the euro in the sustainable finance markets.

The NextGenerationEU green bond proceeds finance the share of climate-relevant expenditure in the RRF. Every Member State has to dedicate at least 37% of the total value of their national RRP to climate-relevant investments and reforms. Member States have exceeded this target, with the estimated climate expenditure now amounting to about 40%.

The Commission has issued its first NextGenerationEU green bond in October 2021. Through this 15-year bond, the Commission raised EUR 12 billion, making it the world's largest green bond transaction to date.

NextGenerationEU green bonds expenditure relate so far mainly to energy efficiency (47.6% of allocated expenditures) and clean transport and infrastructure (42%). Climate change adaptation is the third biggest category of expenditure (with 5.6% of expenditures) among nine categories of expenditure to which NextGenerationEU green bonds proceeds can be allocated.

[28] EU-Bonds are the Commission's main funding instrument under its unified funding approach. They have maturities of 3 years and above. The Commission issues EU-Bonds with benchmark maturities (3, 5, 7, 10, 15, 20, 25, 30 years) to implement its funding plan. The Commission started issuing EU-Bills, securities with a shorter maturity of below one year, in September 2021. The EU-Bills programme gives extra flexibility to the Commission as an issuer, and is supporting the liquidity of its securities. EU-Bills have maturities between 3-6 months

2.6. Controls and audit in the implementation of the RRF

The RRF is a performance-based instrument. Payments by the Commission to Member States are based on the satisfactory fulfilment of pre-defined milestones and targets set out in the RRPs. For each RRP, the CID establishes the associated set of milestones and targets and the relevant amount for each instalment. As a result, the legality and regularity of the payments under the RRF is solely based on the satisfactory fulfilment of milestones and targets. Member States are the beneficiaries of the RRF funds, which, once disbursed, enter the national budget.

The RRF control framework is tailored to the unique nature of the RRF as an EU spending programme and is built upon two main pillars: on the one hand, the legality and regularity of transactions, which is the main responsibility of the Commission, and on the other hand the protection of the financial interests of the Union, whose responsibility lies mainly with the Member States but on which the Commission also carries out specific checks.

The Commission has further strengthened the robustness of the RRF control framework, including its audit work. The audit results and observations do not identify critical or high risks that would qualify the Declaration of Assurance provided by the Director-General of DG ECFIN in its Annual Activity Report[29], which covers the RRF.

Controls over the legality and regularity of commitments and payments

The Commission's control environment comprises two layers: ex-ante controls before the payment is made and ex-post audits thereafter.

When a payment request is submitted by a Member State, the Commission assesses in the ex-ante control the satisfactory fulfilment of each milestone and target indicated as completed by the Member State. To verify whether the milestones and targets have been satisfactorily fulfilled, the evidence provided by the Member State is assessed by dedicated Commission-wide country teams. The Commission may ask for additional information and may decide to carry out additional controls in order to obtain the necessary complementary assurance on the achievement of the milestones and targets before making the payment. If some of the milestones and targets have not been satisfactorily fulfilled, the payment can be partially suspended.

In 2022, the Commission assessed 13 payment requests including 366 milestones and targets and concluded that all milestones and targets had been satisfactorily fulfilled. Consequently, no suspension nor reduction of payments were needed in 2022.

The Commission also carries out risk-based ex-post audits on milestones and targets to obtain additional assurance that the information provided by the Member State was correct. In line with its audit strategy, for 2022 the Commission carried out seven ex-post

[29] Annual Activity Report 2022 – Economic and Financial Affairs, available at https://commission.europa.eu/publications/annual-activity-report-2022-economic-and-financial-affairs_en

audits on milestones and targets regarding the first payment requests submitted by France, Italy, Portugal, Croatia and Romania as well as the second payment request submitted by Croatia and Spain. Based on a risk-assessment, the audit work covered all 15 milestones and targets identified as ‘high risk’ and 12 identified as ‘medium-risk’. In 2023, a further seven audits are being carried out for payment requests from Austria, Czechia, Denmark, Greece, Luxembourg, Slovakia and Spain. Based on the final audit reports issued so far, the Commission concluded that the audited milestones and targets have been satisfactorily fulfilled. Had the Commission considered ex-post that a milestone or a target as not satisfactorily fulfilled, it would have initiated financial corrections to recover the undue part of the payment made.

Controls to ensure adequate protection of the financial interests of the Union, in the manner prescribed by Article 22 of the RRF regulation

Each Member State must put in place and maintain effective and efficient control systems and take appropriate action to protect the financial interests of the Union. Each Member State had to detail its national control system in their national RRP, and such systems could be assessed by the Commission as either ‘adequate’ (A) or ‘insufficient’ (C). Had the arrangements proposed by the Member State been assessed as insufficient, the plan would not have been approved. When assessing the five RRPs approved in 2022, after adoption of the previous annual report, the Commission concluded that they had an adequate control system, like those of the other 22 RRPs. As it was the case in previous assessments, the Commission also identified some deficiencies in each of the five RRPs positively assessed in 2022 and required the Member States concerned to take additional remedial measures by adding specific milestones on audit and control in their respective RRPs. The corresponding milestones and targets are included in the Annex to the CID and must be fulfilled before any regular payment can be made. Upon receiving the corresponding payment request, the Commission assesses the satisfactory fulfilment of these specific milestones on audit and control and analyses the submitted management declarations and audit summaries.

In addition, and in line with its audit strategy, the Commission conducts system audits that draw upon information available within the Commission and audit summaries and management declarations submitted by the Member States, together with their payment requests. In the context of the system audits, the Commission checks the procedures in place in Member States to prevent, detect and correct fraud, corruption, and conflict of interest, as well as double-funding. This also includes risk-based checks on the systems to collect and store data concerning beneficiaries, contractors, subcontractors, and beneficial owners. The Commission is empowered to recover funds or launch financial corrections if fraud, corruption or conflict of interests have been identified and not corrected by the Member States or in case Member States commit serious breaches of the obligations included in the financing and loan agreements.

The Commission carried out 16 system audits in 2022[30] and another 11 in 2023 so far[31], issuing where relevant recommendations with strict implementation deadlines, and will have audited all Member States at least once by the end of 2023. In the context of these audits, the Commission also checks that the Member States systems generally provide for, and check, compliance with EU and national rules, including specific elements of the public procurement procedure and state aid rules. Following up on recommendations by the European Court of Auditors, the Commission has intensified further its audit work to include, for instance, more targeted system audits when and where weaknesses or risks are detected.

In addition, the Commission is also conducting **audits on the work done by the national audit authorities in the Member States**. The objective of these compliance audits is to assess the reliability of the work performed at national level, both regarding audits on milestones and targets and audits carried out on the national control systems to ensure compliance with EU and national rules and the protection of the EU's financial interests.

2.7. Outreach on RRP implementation and transparency

Inter-institutional dialogue and exchanges

The Commission has been closely engaging with the European Parliament and the Council since the beginning of the RRF implementation. The Commission continues to share without delay all RRPs and modified plans submitted by Member States, as well as all preliminary assessments of payment requests, with both the European Parliament and the Council on equal terms. This ensures a transparent flow of information with a high level of engagement between the institutions throughout the implementation phase.

As regards the European Parliament, the Commission is holding regular exchanges to discuss horizontal topics concerning the RRF. Since the setting-up of the RRF, the Commission has been invited to and participated in eleven high-level Recovery and Resilience Dialogues. Moreover, the Commission engages regularly with the Members of the European Parliament in the standing Working Group of the joint ECON-BUDG Committees and participated overall in 32 meetings. In addition, the Commission is invited on a regular basis to various other committees to exchange views on matters related to the RRF, including the REGI, CONT and ENVI committees. The Commission publishes all presentations delivered in the context of the standing Working Group, on a dedicated website[32].

The Commission has also set up an informal expert group to exchange with Member States on the implementation of the RRF and is frequently organising exchanges of views and good practices. This group is an important forum to discuss among the experts from the Member States as well as the Commission cross-cutting aspects on the RRF. The topics discussed in this format show a great variety, ranging from financial matters to

[30] Covering Bulgaria, Cyprus, Czechia, Denmark, Estonia, Finland, Greece, Ireland, Italy, Latvia, Malta, Poland, Slovakia, Slovenia, and Spain.
[31] Covering Austria, Belgium, Croatia, France, Germany, Hungary, Italy, Luxembourg, Portugal, Romania, and Sweden.
[32] Information provided to the European Parliament or to the Council on the Recovery and Resilience Plans (europa.eu)

governance and audit and control, as well as issues related to specific policy areas. As an example, the 19th meeting in March 2023 was dedicated to helping Member States include and mainstream *equality considerations* in the REPowerEU chapter and the revised RRPs. Administrative capacity issues were also addressed at the 20th meeting in May 2023 and will be further discussed at another meeting scheduled for autumn 2023. The expert group facilitates and promotes the exchange of good practices regarding many elements of RRF implementation. The Commission publishes all relevant documents, such as agendas, minutes, reports, opinions, recommendations and others, on a dedicated website[33].

To date, the Commission has organised 21 meetings of the informal RRF expert group. In December 2022, the Commission organised the first full-day physical meeting with all experts from Member States. In this 16th meeting of the group, Member States presented their good practices on three topics: (1) the role of the coordinating authority and the governance of RRF implementation, (2) the involvement of stakeholders in the preparation and implementation of RRPs, and (3) communication and visibility aspects of the RRF. Another physical meeting of the expert group is expected in Autumn 2023.

Communication and visibility requirements

As for other Union funds, Member States are under an obligation to ensure that the recipients of Union funding under the RRF acknowledge the origin and ensure the visibility of the funding. In this respect, Article 34(2) of the RRF Regulation, as operationalised by Article 10 of the Financing Agreements between the Commission and the Member States, sets a number of communication and visibility requirements. These include setting up a communication strategy, displaying, where applicable, the EU emblem with the appropriate funding statement and establishing and maintaining a single web space. Despite these communication and visibility obligations, the results of a 2022 Eurobarometer survey[34] show that, while there is a good knowledge among EU citizens of the existence of the RRPs for their countries (with differences across Member States), there is insufficient awareness that the RRPs are funded (fully or in part) by the EU. This shows the need for Member States to step up their efforts. The Commission continues to be in discussions with Member States to ensure compliance with their obligations. Compliance with the communication requirements is also systematically part of the ex-post audits of milestones and targets carried out by the Commission. The Commission provides guidance to Member States through bilateral exchanges and through the INFORM EU network, bringing together communicators from Member States and the Commission across EU funds, including the RRF. In this context, the Commission also continues to provide support to Member States in their implementation of the communication strategies included in the RRPs. Eight Member States are currently participating in a multi-country TSI supported project on building capacities for effective communication of the benefits of the RRPs.

[33] Register of Commission expert groups and other similar entities (europa.eu)
[34] https://europa.eu/eurobarometer/surveys/detail/2653

Interactive map of projects supported by the RRF

The accelerated implementation of the RRF and the efficient delivery on its objectives require an increasingly high level of transparency on its functioning and on the concrete use of the RRF funding by Member States. For this purpose, the Commission regularly publishes information on the website dedicated to the RRF[35] (including on the individual RRPs in the dedicated country pages[36]) and has set up the Recovery and Resilience Scoreboard[37], providing real-time information on the disbursements and progress made by Member States, as well as additional data, indicators and thematic analyses.

To further increase the visibility and transparency of the RRF, the Commission has launched an interactive map of projects[38] supported by the RRF in each Member State. The map provides an overview of selected reforms and investments, points to their geographical location and offers information on their state of play. The map also includes links to online resources providing more detailed information, such as national RRF websites and, where available, the websites of the specific RRF-funded projects. The map was officially launched on 31 March 2023. It will be regularly updated and populated with additional implementation information. The first update took place on 24 May 2023, bringing the total number of projects showcased at that point to over 430 across all Member States.

Map of projects supported by the RRF

Final recipients under the RRF

The REPowerEU Regulation strengthened transparency regarding the use of RRF funds through the inclusion of a new obligation for Member States to publish data on final recipients. In the context of the RRF, a final recipient is understood as the last entity receiving funds under the RRF that is not a contractor or a subcontractor, for example, citizens, regional or local authorities, or SMEs, and as such can be either a legal or a natural person. The new Article 25a of the amended RRF Regulation requires the Member States to create a publicly available and easy to use portal where they publish data on the 100 final

[35] https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en

[36] The country pages were revamped on 19 September 2023 to reflect the role played by the RRF in implementing the REPowerEU plan as well as to account for other changes to the Member States' RRPs.

[37] https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html

[38] https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en#map

recipients receiving the highest amount of funding for the implementation of measures under the RRF, and to update that data twice a year[39]. The Commission is then tasked to centralise and publish the data together with the links to the Member States' national portals on the Recovery and Resilience Scoreboard.

For this purpose, the Commission provided guidance to the Member States to facilitate the publication of data on the 100 largest final recipients and ensure comparability, consistency and equal treatment, including in the context of the 20th and 21st meeting of the informal expert group for the implementation of the RRF**.** Member States should report on any measure included in the RRP where there has already been a disbursement to a final recipient, irrespective of whether the Member State has already submitted a payment request and received funding under the Facility, since Member States receive regular payments ex-post once the Commission has assessed that relevant milestones and targets have been satisfactorily fulfilled. To ensure consistency and coherence in the presentation of the data on the Recovery and Resilience Scoreboard, the Commission has also asked the Member States to provide structured data via its IT tool for the RRF, FENIX, and a dedicated template.

To date, 15 Member States have provided data on the 100 final recipients receiving the highest amount of funding for the implementation of measures in their RRPs, and this data has also been published on the Recovery and Resilience Scoreboard[40]. In its guidance on RRPs in the context of REPowerEU published in February 2023, the Commission suggested the first information reporting exercise to happen in parallel to the April 2023 bi-annual reporting. Many Member States have followed this guidance and already published data on the 100 largest final recipients on their national portals. Of the 16 Member States who have provided data, the majority (12 Member States, namely Austria, Croatia, Cyprus, Czechia, Germany, Hungary, Italy, Latvia, Lithuania, Portugal, Slovakia, Slovenia, Sweden) have published the data on their national portals and submitted structured data to the Commission, while three Member States (Estonia, Finland, and Poland) have published the data on their national portal. As all Member States have the obligation to publish and update the data twice a year, starting from the entry into force of the REPowerEU Regulation on 1 March 2023, it is expected that the remaining Member States will follow and publish data on the 100 largest final recipients under their RRP in 2023.

The Commission encourages Member States that have not yet submitted the data on the 100 largest final recipients to do so without delay in order to comply with the legal requirements of the Regulation and to ensure the necessary transparency on the recipients of RRF funds.

The analysis of the data on the largest final recipients in each Member State can provide valuable insights and lessons for the implementation of the RRF. The data allows for

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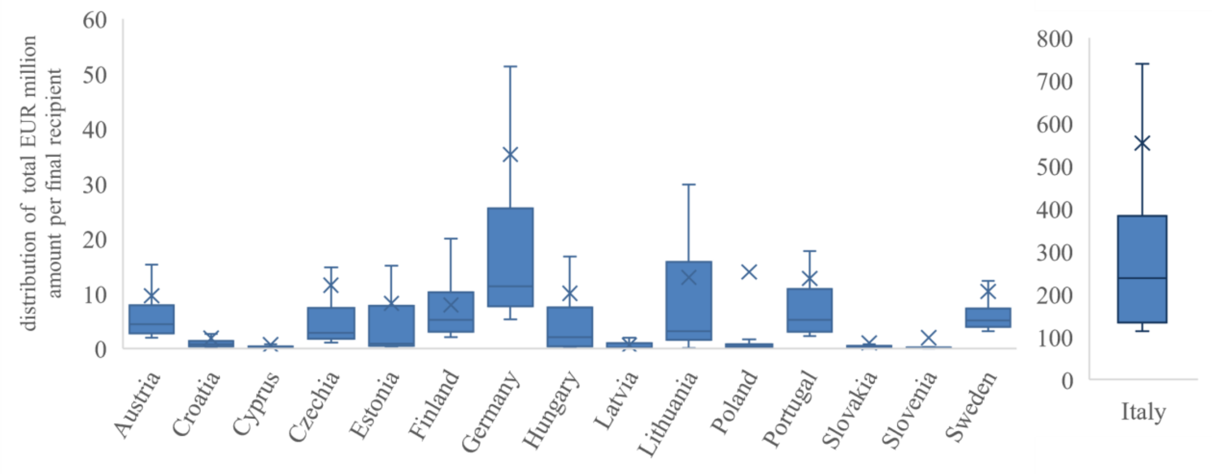
[39] The Regulation also specifies what information should be published by the Member States, namely the full name of the recipient, the VAT or tax identification number (or a different unique identifier) in case of a legal person, the amount received and the associated measures for which the recipient has received funding.
[40] https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/disbursements.html?table=finalRecipientByCountry

enhanced transparency regarding where the RRF funding flows and the impact of the RRF on the ground, and further complements the already available data on the implementation of the RRPs, for instance, regarding fulfilled milestones and targets and the disbursements per pillar.

The size of payments to the 100 largest final recipients varies significantly across those Member States where data is available. This is explained by the different Member States' allocation and heterogenous nature of RRPs. The highest amount received by a listed final recipient is more than EUR 20 billion, while the lowest amount is EUR 2,450. The average value of all amounts received is almost EUR 49 million and the median value is significantly lower at approximately EUR 3 million. Within each Member State, a similar variety can be observed regarding how the RRF funding is spread across the 100 largest final recipients and the respective highest and lowest amounts received (see Figure 11).

Figure 11: Spread of the largest final recipients per Member State[41][42]



Source: European Commission's own calculation based on the final recipients' data provided by Member States

The majority of the ten largest final recipients are public entities, and the measures which they have received RRF funding for are spread relatively evenly across the RRF policy pillars. According to Commission estimates, on average almost two-thirds of the ten largest final recipients are public entities and approximately 27% are private entities (the nature of the remaining final recipients is mixed)[43]. Overall, the share of funds received by the ten largest final recipients in each Member State (in the 16 Member States where data is available) represents 12.7% of all RRF funds received by these 16 Member States. Looking specifically at private entities among the ten largest recipients, the share of funds they received represents approximately 1.9% of all RRF funds of those 16 Member States. In

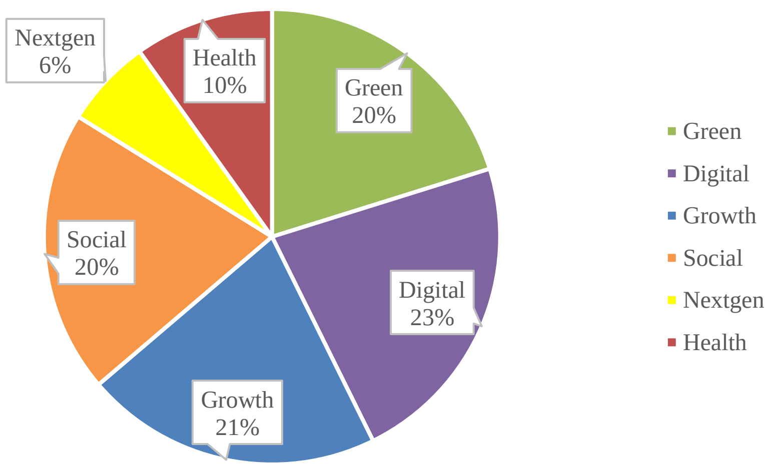
[41] The boxplot displays the median, two hinges and two whiskers of a continuous variable distribution. The lower and upper hinges correspond to the first and third quartiles (the 25th and 75th percentiles). The upper (lower) whiskers extend from the hinge to the largest value no further than (at most) 1.5 than the interquartile range (IQR). Furthermore, mean markers are included to indicate the skewness of the distribution.

[42] Due to its larger financial allocation under the RRF, the 100 final recipients receiving the highest amounts under the Italian RRP have received amounts that are significantly larger than of the other Member States where data is available. Therefore, and to increase the readability of the figure, final recipients under the Italian plan are displayed separately.

[43] As per Article 25a of the amended RRF Regulation, Member States are not required to provide data distinguishing between final recipients that are public or private entities. The figures presented here are based on the Commission's own estimates.

addition to these recipients, there are many more investments and schemes that target SMEs more specifically across all RRPs. An analysis of the associated measures which final recipients have received funding for can also provide a clear indication regarding which policy goals and broad sectors the funding under the RRF has supported. The available data[44] for the 100 largest final recipients shows that the associated measures are spread across the six policy pillars in a broadly balanced way (see Figure 12), reinforcing the notion that the RRF provides support to the Member States that represents a comprehensive and balanced response to the economic and social situation. The data available so far also show that the largest final recipients under the RRF have been mostly involved in implementing measures contributing to the digital transition, closely followed by investments in smart, sustainable and inclusive growth, in social and territorial cohesion and green investments, showcasing the importance which Member States have attributed to spurring the economic and social recovery after the COVID-19 crisis as well as to preparing EU economies, societies and public administrations for the green and digital transitions, in complementarity with cohesion policy funds[45].

Figure 12: Contribution of the amounts received and associated measures which the 100 largest final recipients receive support for towards the six policy pillars[46]



Source: European Commission's own calculation based on the final recipients' data provided by Member States

The largest payments are linked to infrastructure projects, digitalisation and mobility, while final recipients have most often received financial support for measures in education and other investments in human capital. The largest sums of funding that final

[44] This excludes data on final recipients in Estonia, Finland, and in Poland, where structured data linked to the policy pillars and related policy areas has not been made available to the Commission.
[45] Cohesion policy covers similar types of investments, operating in synergy with the RRF. Since the beginning of the pandemic, cohesion policy disbursed EUR 217.3 billion to support, amongst others, the green and digital transitions and to enhance Member States' resilience.
[46] These figures are based on the pillar tagging methodology developed for the Recovery and Resilience Scoreboard, whereby each measure in the RRPs is attributed to a primary and to a secondary policy area to reflect that measures can contribute to more than one policy objective. The six policy pillars are: green transition; digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion; health, and economic, social and institutional resilience; policies for the next generation.

recipients have received in those Member States where data is available are related to investments in territorial infrastructure and services, e-government and digital public services, and sustainable mobility, representing policy areas where the investments are typically large and more expensive. When considering the number of associated measures instead of the sums received, it emerges that the 100 largest final recipients have most often received RRF funding for the implementation of measures in the areas of general, vocational and higher education, e-government and digital public services, human capital in digitalisation, and energy efficiency. This reflects the emphasis which many Member States have given in their plans to education and training measures and to upskilling and reskilling employees, the unemployed and the broader population for the digital transition, as well as to furthering the green and digital transitions.

Looking ahead, the Commission will continue to review the available data to be able to draw lessons learned for the implementation of the Facility. The data from the 100 largest recipients will also be used to feed the aforementioned interactive map on RRF projects.

RRF Annual Events

Annual Events are the key communication moment on the RRF implementation at national level. The requirement for the Commission and the Member States to hold joint communication activities on RRF funding is enshrined in Article 34 of the RRF Regulation and Article 10 of the Financing Agreements. These events bring together key institutions, stakeholders (including social partners and civil society representatives) and recipients of RRF support, among others, to discuss the progress in implementing the various projects proposed by Member States in their national RRPs. The European Parliament Liaison Offices (EPLOs) in the Member States, the European Economic and Social Committee (EESC) national representatives and the Committee of the Regions (CORs) are also invited to participate in these events.

By 1 September 2023, 22 Annual Events had taken place in as many Member States. Cooperation on RRF communication is well established between the European Semester Officers in the Commission Representations and the national administrations. Joint efforts in organising the Annual Events with high-level representatives of Member States and the Commission increase the visibility of the RRF. These events provide excellent opportunities for press engagement, thereby broadening the audience beyond the regular stakeholders and providing a much wider outreach. Indeed, most events have also been live-streamed with recordings of the events, as well as other communication material, available in the individual country pages on the website dedicated to the RRF and the Recovery and Resilience Scoreboard. More events are envisaged later in 2023 and next year as the implementation of the RRPs, including the newly adopted REPowerEU chapters, progresses.

Consultation with stakeholders

Member States have adopted different approaches to stakeholders' consultation in the context of preparing and implementing their respective RRPs. The RRP Regulation requires Member States to provide, as part of their RRPs, a summary of the stakeholders' consultations conducted, including social partners, civil society organisations as well as local and regional authorities. The revised RRF Regulation requires Member States to provide a further summary of the outcome of the consultation process undertaken with stakeholders, including local and regional authorities, on the measures included in the REPowerEU chapter. The summary should also include a description of how the design of REPowerEU measures has taken into account the feedback received and an indication of how it will continue to be taken into account during the implementation. Overall, stakeholders shared with the Commission heterogeneous feedback on the consultation processes at national level, ranging from regular and granular consultations to more limited ones. Local and regional authorities often found their involvement in the numerous policy measures contained in the programmes to be uneven. This is partly due to the different pace of implementation of reforms and investments and the complexity and diversity of the measures contained in the RRPs in some Member States. In this regard, the inclusion of the REPowerEU chapter is indeed an opportunity to pave the way for greater involvement of all relevant stakeholders, including social partners, civil society organisations as well as local and regional authorities.

In the implementation phase, the Commission has been calling and continues to call on all Member States to engage actively and effectively with social partners, local and regional authorities and other stakeholders, in particular representatives of civil society organisations, through regular exchanges. The implementation of the RRPs is an opportunity to engage also on the broader economic, employment, social and sustainability policy coordination agenda and will contribute to commonly identify challenges and define solutions. Effective involvement is indeed crucial as stakeholder input and engagement will help ensure the soundness, success and timeliness of the planned reforms and investments. Moreover, the relevant actors involved, serving as a horizontal platform to exchange views on the implementation and ensuring close cooperation. In January 2023, the Commission published a Communication to strengthen social dialogue in the EU[47], as well as a proposal for a Council recommendation on the role of social dialogue which was adopted by the Council on 12 June 2023. The recommendation calls on Member States to involve social partners in a systematic, meaningful and timely manner involved in the design and implementation of employment and social policies and, where relevant, economic and other public policies, including in the context of the European Semester.

Outreach to the press

The Commission has been communicating extensively on the implementation of the RRF with the press, ever since the RRF's inception. The Commission has made sure to reach out to national correspondents and specialised journalists to ensure a wide coverage and broad understanding by the general public of the main issues pertaining to the RRF and its implementation on the ground, issuing over 200 press releases and press materials and organising numerous press conferences and technical briefings both in Brussels and in

[47] Communication on *Strengthening social dialogue in the European Union: harnessing its full potential for managing fair transitions, 25* January 2023, COM/2023/40 final and proposal for a Council recommendation on strengthening social dialogue in the European Union, 25 January 2023, COM/2023/38 final.

Member States, with the support of the Commission's Representations. The Commission also provided extensive and timely feedback both in writing and orally to national and international journalists, addressing their sustained high interest in the instrument.

Additional RRF communication activities by the Representations of the European Commission in the Member States

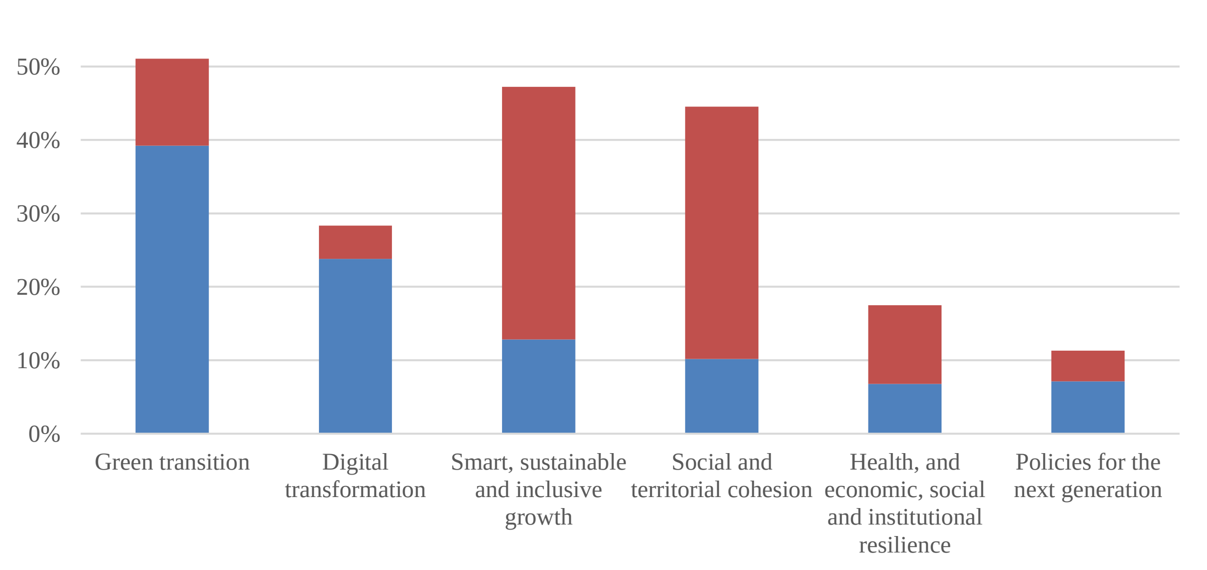
Communicating on the benefits of the national RRPs is also a core communication task of all the Representations of the European Commission the Member States. Apart from the "annual events", numerous other outreach activities are implemented in close cooperation with European Semester Officers and other teams within the Representations. In many cases also stakeholders, national and regional authorities and other external partners are involved in the communication efforts. At the occasion of public discussions and media events, the impact of the national RRPs on the economy and the life quality for citizens is widely discussed.

3. Contribution of the Facility to the RRF Objectives

Pursuant to Article 3 of the RRF Regulation, reforms and investments included in the RRPs should contribute to the six policy pillars[48] defining the scope of the Facility, while taking into account the specific situation and challenges of the Member States. The RRF Regulation also requires each Member State to dedicate at least 37% of its RRP total allocation to measures contributing to climate objectives and at least 20% of the total allocation to digital objectives, based on the ex-ante costing estimate of those measures.

The Commission developed a methodology to report on the contribution of each plan to the Facility's six pillars, where each (sub-)measure was tagged under one primary and one secondary policy area (according to a list of policy areas established by the Commission) which are associated to one of the six pillars, reflecting that a reform or investment can be related to several pillars. To the extent possible, the pillar reporting is consistent with other tagging exercises (climate, digital, social expenditure). The share of RRF funds contributing to each policy pillar is illustrated in Figure 13.

Figure 13: Share of RRF funds contributing to each policy pillar



Note: Each measure contributes towards two of the six policy pillars, therefore the total contribution to all pillars displayed on this chart amounts to 200% of the RRF funds allocated to Member States. The percentages shown for the contribution to the green transition and digital transformation pillars are different from the percentages shown for the contribution to the climate and digital objectives; the latter are calculated according to a different methodology (detailed in Annexes VI and VII of the RRF Regulation). The blue-coloured (bottom) parts represent those measures that have been tagged and assigned to the pillar as primary policy area, while the red-coloured (top) parts represent measures tagged as secondary policy area.

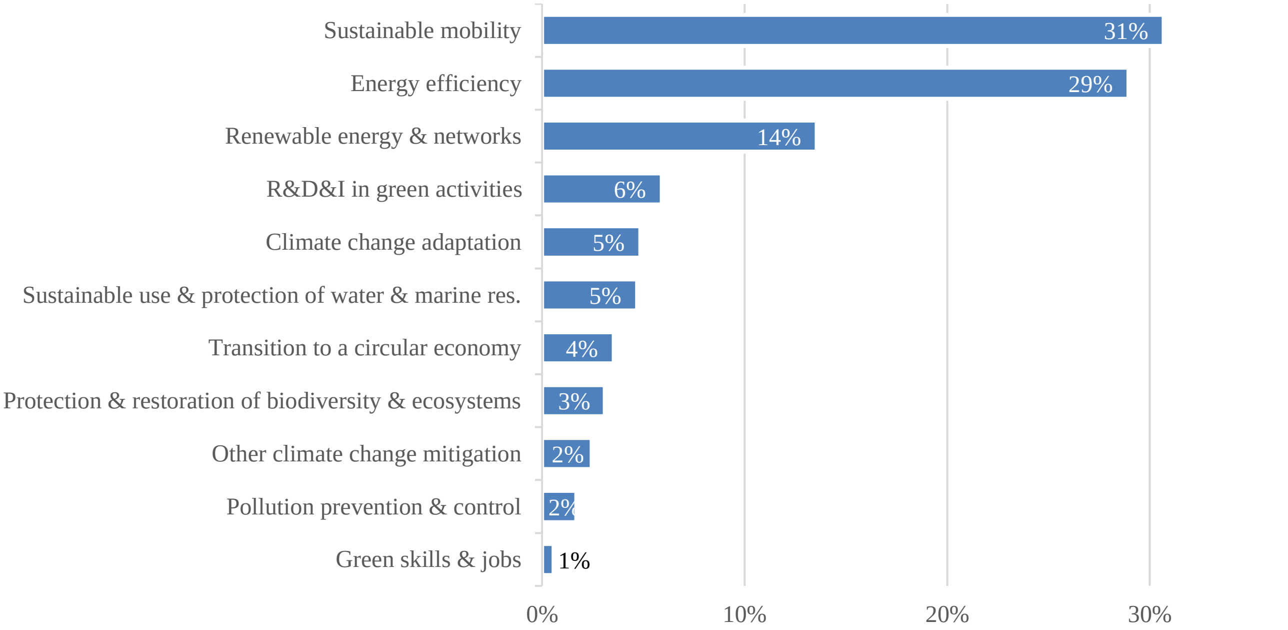
Source: Recovery and Resilience Scoreboard

[48] The six pillars are: (i) green transition, (ii) digital transformation, (iii) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong small and medium enterprises (SMEs), (iv) social and territorial cohesion, (v) health, and economic, social and institutional resilience with the aim of, inter alia, increasing crisis preparedness and crisis response capacity, and (vi) policies for the next generation, children and the youth, such as education and skills.

3.1. Contribution of the Facility to the green transition (i.e. Pillar 1)

The RRF will help achieve the EU's targets to reduce net greenhouse gas emissions by at least 55% by 2030 and to reach climate neutrality by 2050. The measures supported by the RRF are contributing to meet the EU's climate ambition by promoting sustainable mobility, increasing energy efficiency and promoting a higher deployment of renewable energy sources. They will also ensure progress towards climate adaption and other environmental objectives such as reducing air pollution, promoting the circular economy or restoring and protecting biodiversity. A total of EUR 254 billion[49] – or 50 percent of Member States' total allocation to-date – has been dedicated to measures contributing to the green transition pillar, which can be broken down in 11 policy areas (see Figure 14).[50]

Figure 14: Breakdown of expenditure supporting the green transition, by policy area



Note: This chart shows a breakdown of the estimated contribution to the policy pillar according to a list of policy areas established by the European Commission. The percentage relates to the overall share of the plan tagged under this policy pillar.

Source: Recovery and Resilience Scoreboard.

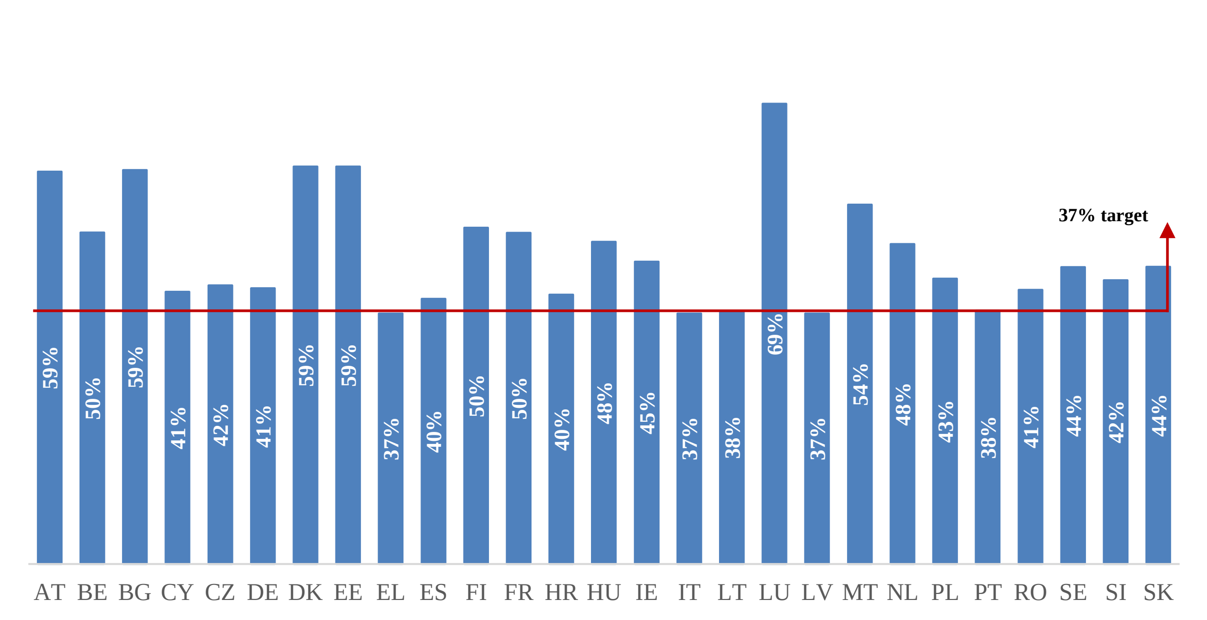
The reforms and investments that support climate objectives in Member States' RRPs have exceeded the target of 37% of total allocation set in the RRF Regulation (Figure 15). Total estimated climate expenditure in the adopted plans amounts to EUR 204 billion, which represents about 40% of the total plans' allocation as calculated according to the climate tagging methodology.[51]

[49] In section 3, references to EUR amounts dedicated to measures contributing to the RRF pillars are based on ex ante estimated expenditure.

[50] This figure shows estimated expenditure based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the pillar Green transition as primary or secondary pillar.

[51] The RRPs had to specify and justify to what extent each measure contributes fully (100%), partly (40%) or has no impact (0%) to climate objectives, using Annex VI to the RRF Regulation. Combining the coefficients with the cost estimates of each measure allows calculating to what degree the plans contribute to the climate target. Please note that the contribution to

Figure 15: Contribution to climate objectives as share of RRP allocation



Note: The RRPs had to specify and justify to what extent each measure contributes fully (100%), partly (40%) or has no impact (0%) on the climate objectives. The contributions to climate objectives have been calculated using Annexes VI and VII of the RRF Regulation, respectively. Combining the coefficients with the cost estimates of each measure allows calculating to what degree the plans contribute to the climate targets.

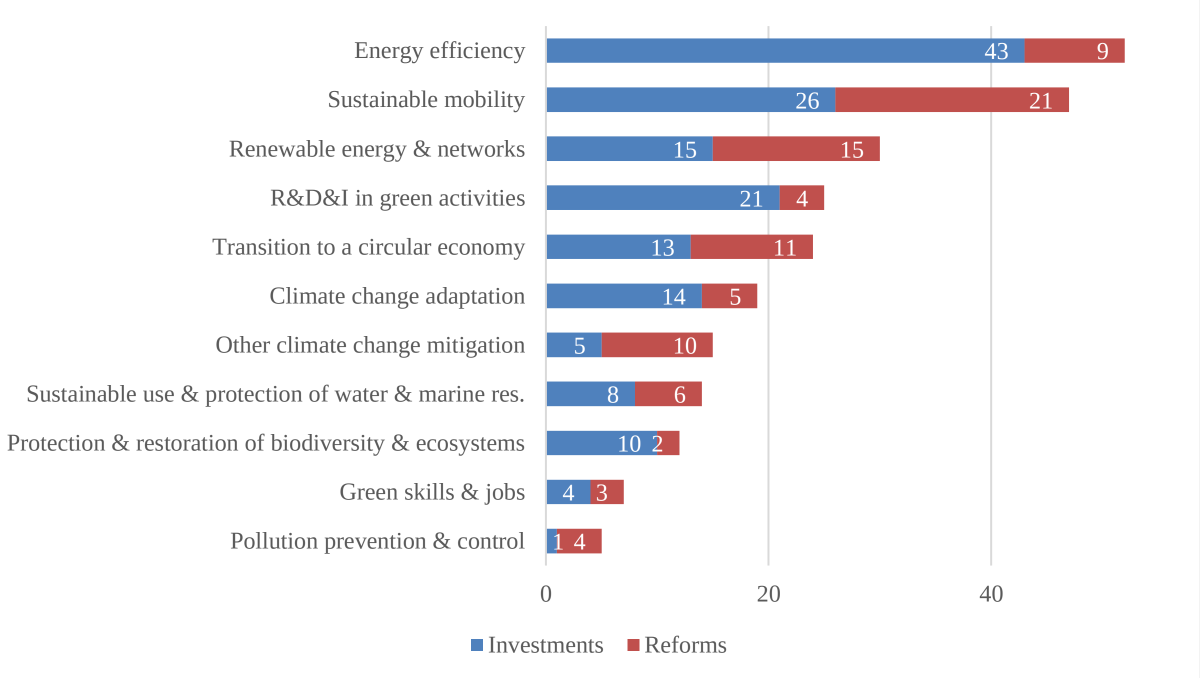
Source: Recovery and Resilience Scoreboard.

Out of the 705 milestones and targets satisfactorily fulfilled[52] so far, 261 contribute to pillar 1, including 246 milestones and targets satisfactorily fulfilled since the 1 March 2022, i.e. since the last RRF annual report. Since 1 March 2022, the most progress has been made in the policy areas of energy efficiency (63 milestones and targets fulfilled in 52 measures since 1 March 2022), sustainable mobility (60 M&Ts in 47 measures), and renewable energy and networks (40 M&Ts in 30 measures) when considering primary and secondary policy areas (Figure 16). Most milestones and targets are the first step in the implementation of measures contributing to the green transition. A few examples of measures in the green transition pillar implemented since 1 March 2022 are presented in the box below.

the green transition pillar is higher than the contribution to climate objectives as defined in Annex VI of the RRF Regulation, since methodologies differ. The differences arise mainly because all covered measures are considered to contribute with 100% of their estimated cost to the pillar, while some contribute only with 40% of their estimated cost to the climate objectives as defined in Annex VI of the Regulation. In addition, the green transition pillar also includes coefficients for environmental objectives that are wider than climate objectives as per Annex VI of the RRF Regulation.

[52] A milestone and target can contribute to more than one pillar.

Figure 16: Number of measures in pillar 1 with milestones and targets satisfactorily fulfilled since the last RRF annual report, per policy area



Source: European Commission

Examples of relevant measures with fulfilled milestones and targets under the green transition pillar

Reforms

- **Slovakia** has approved legislation to improve waste management in the construction and demolition sector.
- **Greece** introduced a reform to streamline and digitize the licencing framework for renewables and passed a law to implement the Guarantees of Origin system supporting renewable energy for households.
- **Denmark** introduced a reform which entails higher taxation on greenhouse gas emission incentivizing lower emissions from Danish businesses as well as tax deductions fostering green investments.

Investments

- **Bulgaria** introduced investments to support green and efficient public transport services as well as a reform to further the green energy transition. The RRF provides EUR 110.5 million for the construction of a section of line 3 of the Sofia metro, for a total length of 3 km covering three stations, which will provide a clean, rapid and efficient public transport service to passengers with intermodal connections. The investment is expected to allow the transport of 7.6 million passengers per year on average as of 2026 and to lead to a reduction in greenhouse gases and air pollution.

Medical University Station on Metro line 3

Copyright: Bulgarian authorities

- **Czechia** invested in sustainable transport by completing road and railway safety projects and by renovating railway bridges and tunnels.
- **Croatia** has introduced investments to construct and renovate public water supply networks.
- **Spain** has put in place mechanisms to support investments to deploy renewable energy sources in buildings and in industrial processes and to supported initiatives carried out by energy communities.

Sustainable Mobility

Measures supporting sustainable mobility represent around a third of the climate expenditure financed by the Facility, thereby constituting the most supported green transition pillar (31% of allocation or EUR 79.4 billion). These measures consist of, among others, investments in zero or low emissions vehicles, investments in the development of urban public transport, and investments in infrastructure for recharging. Investments in the modernisation of railway infrastructure, including the purchase of modern rail rolling stock, makes up the majority of the funding at EUR 42 billion. Some RRPs also include ambitious reforms aimed at establishing taxation regimes or changing the regulatory environment in view of enabling the roll out of zero emission mobility. The reforms tackle the overall regulatory framework and include strategies to support sustainable urban mobility and collective transport. The plans also include reforms introducing competition in port services and reform the maritime sector and inland waterways.

Energy Efficiency

Energy efficiency accounts for 29% of the total expenditures under the green transition pillar (with a total cost of EUR 72.8 billion). Member States have included in their plans large investments in energy renovations of private and public buildings and investments in the construction of new highly energy efficient buildings. The majority of investments concern the energy efficiency of residential buildings (at EUR 31 billion), which typically targets a reduction in primary energy consumption of 30% or more. Beyond buildings, investments in other sectors will help to decarbonise the production processes in SMEs, larger enterprises and district heating systems, for instance by promoting the integration of cleaner and more efficient technologies for manufacturing processes and centralised heat production (at EUR 7 billion). To this end, some RRPs also include reforms to tackle barriers for energy efficiency, such as amendments to the regulatory framework or the harmonisation of support mechanisms through one-stop shops.

Renewable Energy and Networks

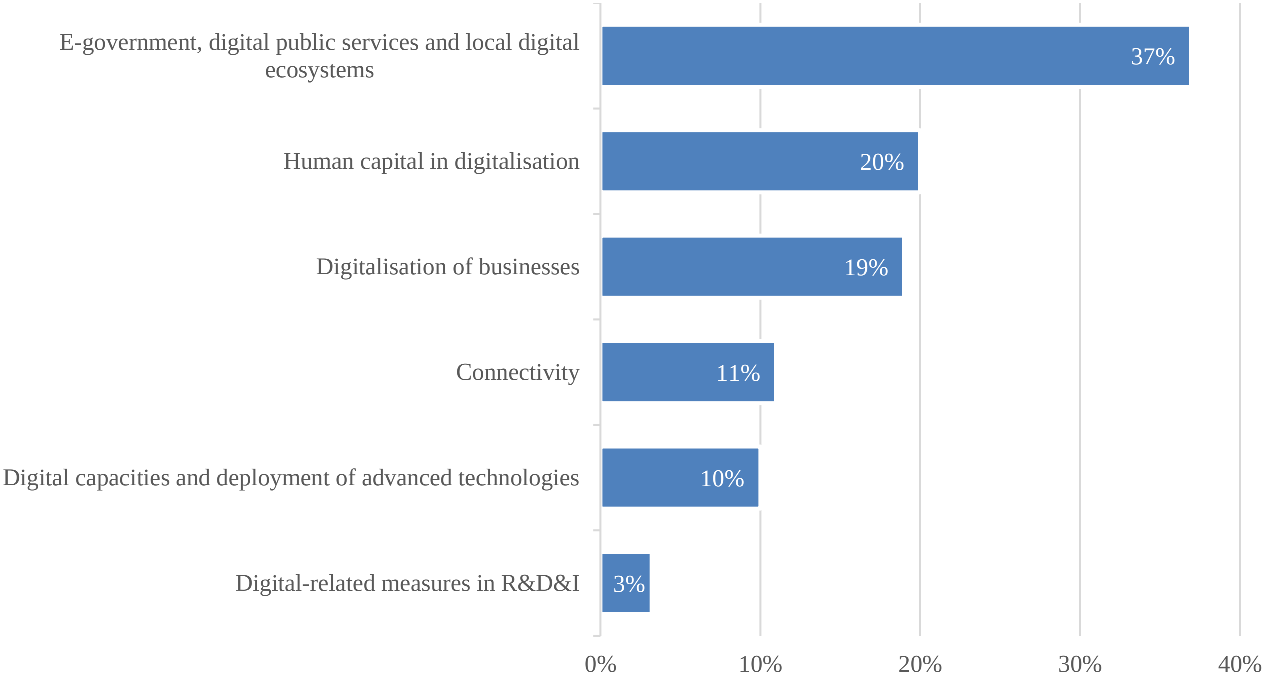
Overall, total estimated expenditure in clean power – renewable energy and networks – accounts for 14% of the total expenditures under the green transition pillar (at a total cost of EUR 35.3 billion). Many RRPs include measures dedicated to clean energy, such as investments in renewable energy generation, both in already mature renewable technologies as well as innovative solutions. Approximately two-thirds of the overall investment in this area will be spent on renewables technologies (EUR 24 billion), with the remaining amount allocated to investments in energy networks and infrastructure (EUR 11 billion). Increasing the share of renewables also requires an ambitious reform agenda. To this end, the reforms included in the plans aim to create a stable regulatory environment and appropriate synergies between public and private investment, simplify administrative procedures and to adopt new or prolong existing support schemes.

3.2. Contribution of the Facility to the digital transformation (i.e. Pillar 2)

The RRF provides a significant contribution to the digital transformation in the Union. Plans cover a range of measures, including deployment of next generation digital infrastructures and advanced technologies, digital skills development for the population and the workforce, and support to the digitalisation of enterprises as well as of public services. A total of EUR 144 billion will contribute to the digital transformation pillar, distributed across digital policy areas as shown in Figure 17.[53]

[53] This figure shows estimated expenditure based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and corresponds to the measures allocated to the pillar Digital transformation as primary or secondary pillar.

Figure 17: Breakdown of expenditure supporting the digital transformation per policy area



Note: This chart shows a breakdown of the estimated contribution to the policy pillar according to a list of policy areas established by the European Commission. The percentage relates to the overall share of the plan tagged under this policy pillar.

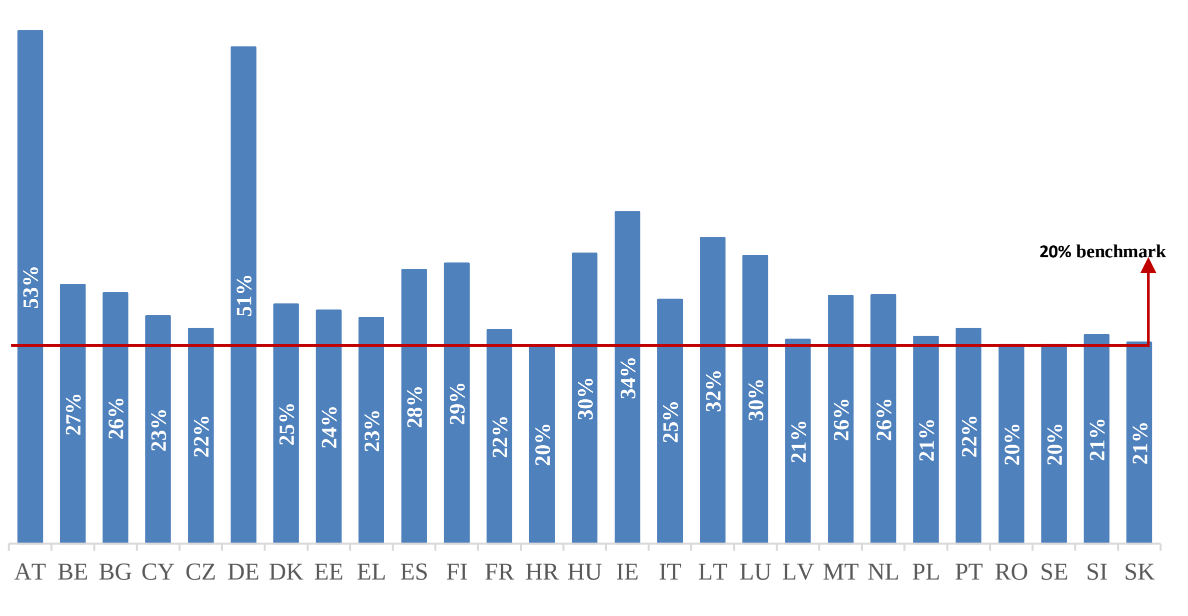
Source: Recovery and Resilience Scoreboard.

The reforms and investments that support digital objectives in Member States' RRPs have exceeded the target of 20% of total allocation set in the RRF (Figure 18). To date, the total digital estimated expenditure in the plans corresponds to EUR 130 billion, about 26% of the total allocation of the plans, as calculated according to the digital tagging methodology.[54]

Among the 705 milestones and targets satisfactorily fulfilled so far, 184 milestones and targets contribute to pillar 2, including 178 milestones and targets satisfactorily fulfilled since 1 March 2022). The most progress has been made in the policy areas of e-government, digital public services and local digital ecosystems (85 milestones and targets fulfilled in 72 measures since 1 March 2022), human capital in digitalisation (40 M&Ts in 30 measures), and digitalisation of business (29 M&Ts in 20 measures) (Figure 19). A few examples drawing from payment requests which have been positively assessed are presented in the box below. They focus on key areas linked to digital policy but other areas such as connectivity are also of importance.

[54] The RRPs had to specify and justify to what extent each measure contributes fully (100%), partly (40%) or has no impact (0%) to digital objectives, using Annex VII of the RRF Regulation. Combining the coefficients with the cost estimates of each measure allows calculating to what degree the plans contribute to the digital target.

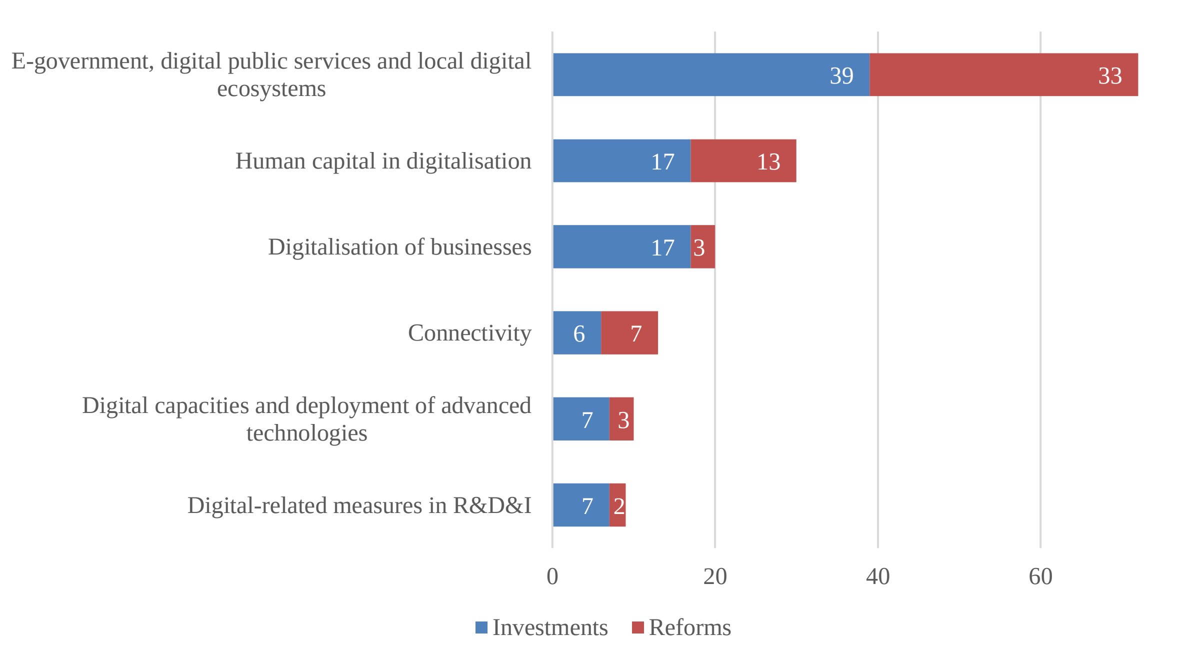
Figure 18: Contribution to digital objectives as share of RRP allocation



Note: The RRPs had to specify and justify to what extent each measure contributes fully (100%), partly (40%) or has no impact (0%) on the digital objectives. The contributions to digital objectives have been calculated using Annexes VI and VII of the RRF Regulation, respectively. Combining the coefficients with the cost estimates of each measure allows calculating to what degree the plans contribute to the digital targets.

Source: Recovery and Resilience Scoreboard.

Figure 19: Number of measures in pillar 2 with milestones and targets satisfactorily fulfilled since the last RRF annual report, per policy area



Source: European Commission

Examples of relevant measures with fulfilled milestones and targets under the digital transformation pillar

Reforms

- **Romania** adopted a reform to accelerate the national roll-out of 5G networks, in accordance with security regulations, and to provide broadband coverage for white areas (small rural municipalities, isolated localities, disadvantaged inhabited areas), tackling the rural-urban digital divide, reducing the administrative burden and streamlining procedures and fees, creating the prerequisites for equal access to digital services and internet access.

- **Slovakia** approved the National Concept for Informatisation of Public Administration, which sets out the framework for digital reforms in line with the RRP. In particular, in the context of the cybersecurity reform, the National Concept will set the framework for standardisation of cybersecurity requirements while clarifying that further specific actions will be necessary to set the technical and procedural standards of cybersecurity.

- **Slovenia** established the Informatics Development Council which shall act as a central forum for the public administration for the coordination at operational level related to information technology investment, standards and other technological developments in particular where compatibility of the systems is essential for their efficient operation and maintenance.

Investments

- **Austria** introduced measures to support the digitalisation of schools and education to provide for a fair and equal access to basic digital skills. The RRF funds an investment of EUR 171.7 million to provide laptops and tablets to pupils at lower secondary level. This investment is accompanied by a reform aimed at improving the infrastructure in the various school buildings, in order to ensure an optimal use of the digital devices provided to pupils.

A school in Innsbruck (Tyrol, Austria) with computers supported by the RRF

- **Denmark** developed and made available new digital solutions to make the healthcare system more connected following the COVID-19 pandemic. The solutions include the use of digital technologies and video consultations.
- **Spain** invested in digitalising major cultural establishments such as the National Prado Museum, the National Museum Centro de Arte Reina Sofía, the Spanish National Library as well as other library assets from the state administrations or private entities, archive systems, inventories and records of historical heritage, including audio-visual heritage.
- **Italy** awarded public contracts for all five connectivity projects that are part of the “Fast internet connections” investment. These public contracts aim at procuring the completion of the national ultra-fast and 5G telecommunications network throughout the Italian territory.
- **Malta** started the implementation of secure digital solutions and tools to support justice sector users by simplifying processes, increasing the accessibility to justice (in terms of documentation but also remote testimony), and strengthening the efficiency of the justice system in line with the Digital Justice Strategy.
- **Portugal** launched the Academy Portugal Digital, an online platform that allows users to assess their digital skills and receive personalized digital training courses.

E-government and digital public services

Measures supporting the digitalisation of public services and e-government represent more than a third of the digital expenditure financed by the Facility, this being the most supported digital policy area (37% of the digital transformation pillar or EUR 53 billion). These measures seek to modernise and improve public administration processes, in order to make them more user-friendly, citizen-oriented and interoperable and to boost the access to and uptake of digital public services by individuals and businesses. Many RRPs include reforms aimed at introducing or improving e-government solutions, such as eID deployment, at ensuring the interoperability of digital public platforms, as well as improving data collection and management. A number of RRPs also include investments aimed at integrating advanced technologies (such as government cloud) in government processes, as well as strengthening the public sector's cybersecurity capacity. Measures aimed at the digitalisation of national healthcare and justice systems are also present in many RRPs.

The digitalisation of public services concerns several policy areas and provides synergies with the five other pillars supported by the Facility. For instance, supporting the green pillar, some investments reflect the key role of digitalisation in making the EU transport systems more sustainable and resilient, for example through intelligent transport systems (ITS) technologies, urban mobility management tools, multimodal ticketing and multimodal passenger information systems and extension of the coverage of the European Rail Transport Management System.

Digitalisation of businesses

All RRPs include measures supporting the digitalisation of businesses, for a total of EUR 27 billion or 19% of the digital transformation pillar. Measures in this area include key reforms, the most important being those aimed at simplifying the administrative procedures for businesses and at creating the foundation of a digital business environment, with actions in the area of digital business creation and registration, trust and cybersecurity. These measures are expected to increase the level of trust on the adoption of digital technologies, with a positive effect both on their take up and on the intensity of their use. Reforms related to the digitisation of invoicing are also expected to have a positive impact on the digitalisation of businesses and increase transparency. A number of plans also include investments to support the integration of advanced digital technologies in firms' production processes (e.g., automation, artificial intelligence).

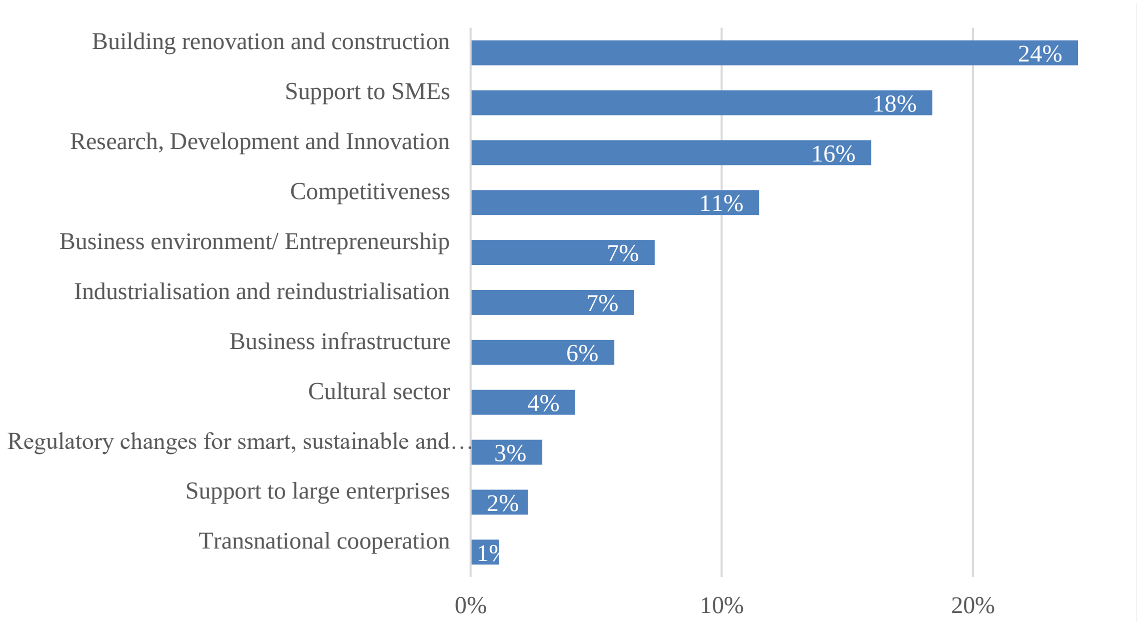
Human capital

RRPs also include a wide range of measures to support the development of digital skills, for a total estimated cost of EUR 29 billion, which represent 20% of the digital transformation pillar. Most plans include measures to increase the digital skill levels in the general population and in the workforce. Some plans also include measures to foster advanced digital skills and to train ICT professionals, with the development of training modules in advanced digital technologies for higher education and vocational training. The COVID-19 pandemic has highlighted the need for digitalisation of education, and a number of RRPs include relevant measures.

3.3. Contribution of the Facility to smart, sustainable and inclusive growth (i.e. Pillar 3)

The 27 RRPs contribute to smart, inclusive and sustainable growth (i.e. Pillar 3) with more than 1500 measures for about EUR 214.6 billion. These measures concern diverse areas: from reforms to support the business environment or competitiveness, to support to SMEs, to research and development and innovation, or to the cultural sector (Figure 20).

Figure 20: Breakdown of expenditure supporting smart, sustainable and inclusive growth per policy area

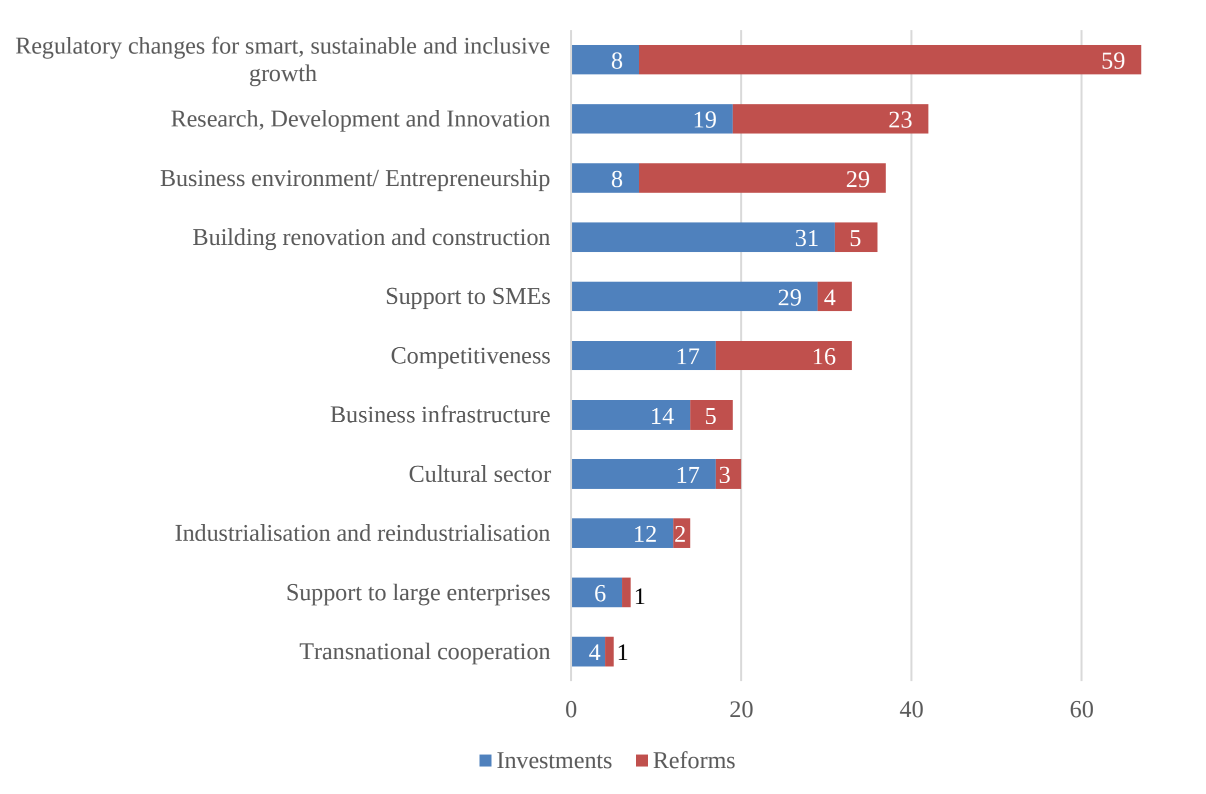


Note: This chart shows a breakdown of the estimated contribution to the policy pillar according to a list of policy areas established by the European Commission. The percentage relates to the overall share of the plan tagged under this policy pillar.

Source: Recovery and Resilience Scoreboard

To date, 350 milestones and targets contributing to pillar 3 have been fulfilled, with 321 milestones and targets fulfilled since 1 March 2022. Progress has been made particularly in the policy areas of regulatory changes for smart, sustainable and inclusive growth (85 milestones and targets fulfilled in 67 measures since 1 March 2022), research, development and innovation (49 M&Ts in 42 measures), and business environment/entrepreneurship (52 M&Ts in 37 measures) (Figure 21).

Figure 21: Number of measures in pillar 3 with milestones and targets satisfactorily fulfilled since the last RRF annual report, per policy area



Source: European Commission

R&D&I under pillar 3

25 RRPs include measures related to the policy area of 'research, development and innovation' under pillar 3, for a total of EUR 38.1 billion. The amount of R&I investments under pillar 3 represents typically between 4% and 18% of the RRF non-repayable financial support of a Member State, with a few outliers below or above this range and an average of about 8%.

The R&I measures under pillar 3 have a wide range of objectives. The R&I reforms under pillar 3 aim to reduce the fragmentation of the scientific research systems, reduce the administrative burden to access public funding for R&I activities, support knowledge and technology transfer, remove barriers to academia-business collaboration, and improve the coordination between the different levels of governance for R&I and education. A large number of RRPs contain thematic R&I investments under pilar 3 which will allow mobilising R&I capacities in view of accelerating the green and digital transitions and enhancing resilience, in line with EU-level agendas (about 27% and 23% of the estimated cost of R&I-related measures has been tagged as contributing to green and digital objectives, respectively).

To date, 53 milestones and targets related to the policy area of 'research, development and innovation' have been fulfilled (out of a total of 705 fulfilled M&Ts), including 49 satisfactorily fulfilled since 1 March 2022.

It is important to highlight that some measures in pillar 1 and pillar 2 also contribute to research and development[55]. R&D&I investments as a whole (i.e. including those relevant measures tagged under pillar 1, pillar 2, and pillar 3) contribute to an estimated total of EUR 48 billion, which represents on average about 10% of the RRF non-repayable financial support of a Member State.

Examples of relevant measures with fulfilled milestones and targets under the smart, sustainable and inclusive growth pillar ('research, development and innovation' policy area)

Reforms:

- **Slovakia** introduced amendments of two legislative acts for the transformation of the Slovak Academy of Sciences into a public research organisation, in order to enable multi-source funding and enhanced cooperation with the private sector to pursue joint projects and promote research and technology transfer.

Investments:

- **Italy** awarded contracts to support the creation or strengthening of at least 30 research infrastructure/institutions of strategic relevance identified in the National Plan for Research Infrastructures 2021-2027 and the related innovation infrastructures.

The aim of the measure is to develop research facilities, support innovation and technology transfer processes as well as promote public-private partnerships.

- **Spain** supported 68 companies (39 large and 29 SMEs) having R&I projects in sustainable automotive to increase the technological capacity of the companies in a number of fields including: development of energy storage systems with very low

[55] Pillar 1 on green transition includes green-specific R&D&I measures categorised in the 'R&D&I in green activities' policy area and pillar 2 on digital transformation includes digital-specific R&D&I measures categorised in the 'digital-related measures in research, development and innovation' policy area.

emissions and high recyclability, high-efficiency hydrogen mobility systems, autonomous driving and connected mobility or adaptation of productive environments with safe and robust systems for human-machine interaction in the smart manufacturing environment.

Support to enterprises (including SMEs, access to finance and financial instruments)

Most RRPs include measures which provide direct support to SMEs, for a total of EUR 45 billion which represent approximately 22% of the total estimated expenditure for pillar 3. In total, 159 measures provide support to SMEs, with 332 milestones and targets.

The scope of the SME measures included in the RRPs covers a wide range of areas, from improvement of the business environment and access to public procurement, to digitalisation of SMEs and improvement of their environmental sustainability. A number of measures also aim at improving SMEs' growth and resilience through improved access to finance, reskilling and upskilling of their employees or strengthening their research and development capacities.

To date, 51 of the milestones and targets related to the measures supporting SMEs have been fulfilled (out of a total of 705 fulfilled M&Ts), including 49 satisfactorily fulfilled since 1 March 2022.

Examples of relevant measures with fulfilled milestones and targets under the smart, sustainable and inclusive growth pillar ('support to SMEs' policy area)

Investments:

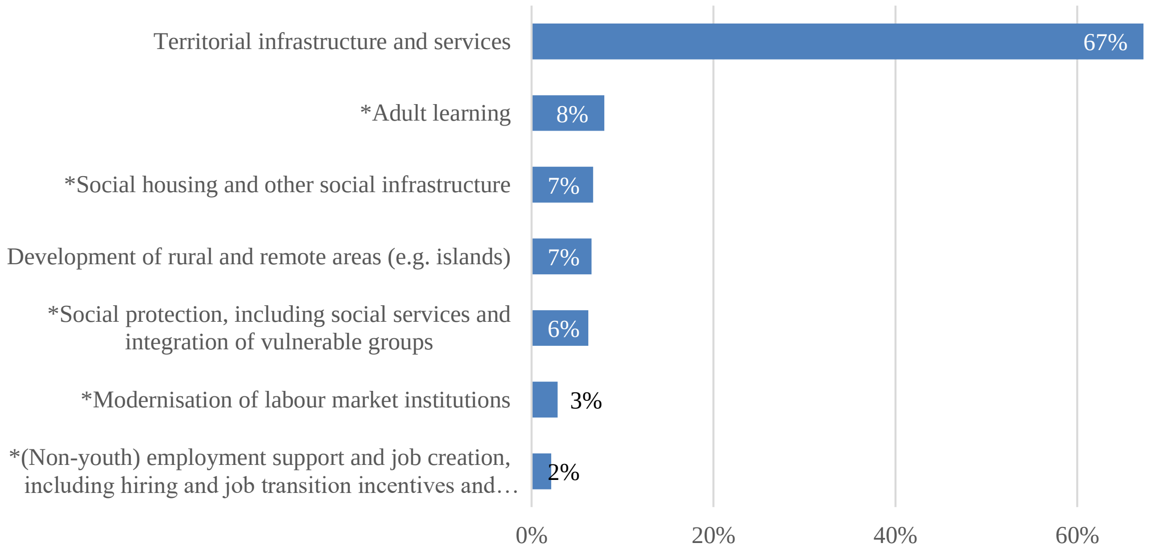
- **Croatia** established a financial instrument to support investment by micro, small and medium-sized enterprises, encouraging investment in new technologies, the purchase of modern machinery, equipment, and increasing production and service capacity, as well as green transition measures.
- **Greece** launched the calls for proposals for funding a voucher scheme for investments targeted towards technologies and services to foster the digitalisation of small- and medium-sized enterprises (such as e-payment, e-sales and e-invoicing applications, tools for digital advertising, digital upskilling, cybersecurity systems, cloud infrastructures and services, etc.).
- **Italy** established a financial instrument for financing start-ups, with the signature of the agreement between the government and the implementing partner Cassa Depositi e Prestiti (CDP).

3.4. Contribution of the Facility to social and territorial cohesion (i.e. Pillar 4)

Member States have included a significant number of measures to support social and territorial cohesion, especially contributing to the implementation of the European Pillar of Social Rights, with its dedicated chapters on equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. More precisely, the 27 RRPs adopted by the Council will support pillar 4 with around EUR 220.6 billion. The breakdown of expenditure within the pillar is shown in Figure 22.

Among the 705 milestones and targets fulfilled so far, 253 contribute to pillar 4, including 237 fulfilled since the last annual report in March 2022. The most progress has been made in the policy areas of territorial infrastructure and service (106 milestones and targets fulfilled in 84 measures since 1 March 2022), social protection (58 M&Ts in 52 measures), and adult learning (41 M&Ts in 27 measures) (Figure 23). It is worth stressing that 149 of the fulfilled milestones and targets under pillar 4 since the inception of the RRF support social objectives in the broad sense[56], showing a strong commitment by Member States to deliver on the social dimension from the initial stages of the RRPs' implementation. Such measures will also contribute to the achievement of the EU 2030 headline targets on employment, skills and poverty reduction.

Figure 22: Breakdown of expenditure supporting social and territorial cohesion per policy area

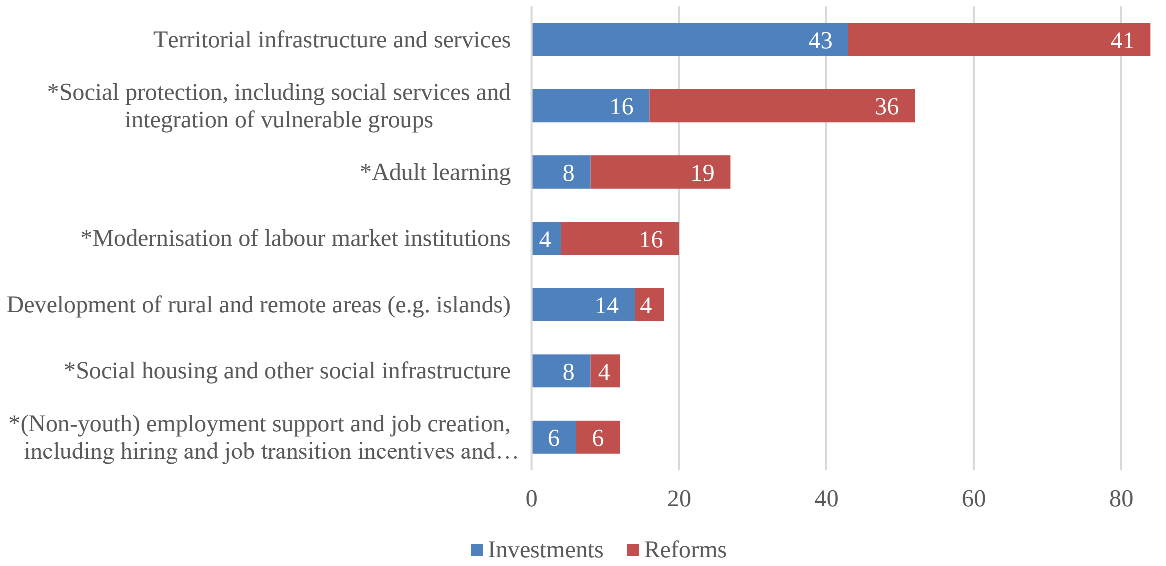


Note: This chart shows a breakdown of the estimated contribution to the policy pillar according to a list of policy areas established by the European Commission. The percentage relates to the overall share of the plan tagged under this policy pillar. The methodology for reporting social expenditure, as defined in Delegated Regulation (EU) 2021/2105, is fully aligned and integrated into the methodology for reporting expenditure under the six pillars. Under this pillar, the policy areas marked with an asterisk (*) are used for the social expenditure methodology.

Source: Recovery and Resilience Scoreboard.

[56] These milestones and targets are linked to measures contributing to the social categories, as defined by the Delegated Regulation 2021/2105.

Figure 23: Number of measures in pillar 4 with milestones and targets satisfactorily fulfilled since the last RRF annual report, per policy area



Note: The methodology for reporting social expenditure, as defined in Delegated Regulation (EU) 2021/2105, is fully aligned and integrated into the methodology for reporting expenditure under the six pillars. Under this pillar, the policy areas marked with an asterisk (*) are used for the social expenditure methodology.

Source: European Commission

Social protection, inclusion, social housing and social infrastructure

All RRPs include reforms or investments contributing to strengthening Member States' social protection systems. More than 300 measures address a broad range of challenges, notably the ones highlighted in the relevant country-specific recommendations. The measures supporting social protection and social housing account for around EUR 28.8 billion. In particular, the measures focus on the effectiveness, quality and resilience of social protection systems. The majority of social protection investments under the RRF relate to upgrading, expanding or improving the social services network and facilities provided by public and private social institutions. They also include specific measures addressing, for instance, the inclusion of people with disabilities, increasing the adequacy and sustainability of social benefits, and improving the living conditions of older people in need of care. A number of Member States also include important investments to increase the supply of social housing and social infrastructure to disadvantaged groups, using mostly loans. Some Member States also included in their RRPs steps for the reform of the minimum income and pension systems to increase their adequacy and sustainability.

To date, 72 milestones and targets related to the policy areas of social protection and of social housing have been fulfilled (out of a total of 705 M&Ts), including 67 since 1 March 2022.

Examples of relevant measures with fulfilled milestones and targets under the social and territorial cohesion pillar ('social protection' and 'social housing' policy areas)

Reforms:

- **Slovakia** consolidated the powers of supervision of social care to reduce fragmentation and improve efficiency of social care and improve quality of care in social services and households.
- **Spain** adopted a reform of the social security contribution system for the self-employed to gradually shift the contribution system to be based on real income, to ensure that the self-employed are able to receive a more adequate pension income in the future.

Investments:

- For the creation of a new social mentoring service aiming at ensuring sufficient human capacity to carry out social services, **Croatia** trained 220 social mentoring professionals which will be able to provide more individualised and empowerment support.
- **France** supported energy efficiency renovation in social housing by allocating grants to more than 20 000 social dwellings.

Employment support, modernisation of labour market institutions and adult education and training for target groups other than youth

The majority of Member States have included a comprehensive range of reforms and investments in their RRPs to promote job creation, and the modernisation of their labour markets. In total, measures supporting the policy areas of 'non-youth employment' and of 'the modernisation of labour market institutions' account for around EUR 11.2 billion. These measures directly address country-specific recommendations related to employment support and labour market enhancement. Employment and active labour market policies feature prominently in nearly all RRPs. The plans encompass investments and reforms aimed at increasing the labour market participation of women, young people, and disadvantaged groups, supporting job creation and the transition to emerging sectors and occupations. These measures are also designed to stimulate employment and enhance the performance, functioning, and resilience of labour markets.

All national RRPs include measures on skills and adult learning, often linked with active labour market policies. These include, for instance, national skills strategies, reforms to improve skills intelligence and governance, including recognition and validation of skills, as well as targeted investments in upskilling and reskilling for employees, the unemployed and the broader population. Reforms and investments related to adult learning, including continuous vocational education and training, and recognition and validation of skills, comprised in the national RRPs amount to around EUR 17.7 billion.

So far, 83 milestones and targets related to the policy areas of 'non-youth employment', 'modernisation of labour market institutions' and of 'adult learning' have been fulfilled, including 73 since the last annual report of the RRF in March 2022. Fulfilled milestones and targets relate, for instance, to the introduction of a voucher system for upskilling and reskilling programmes, targeted skills development programmes for the unemployed, updates of training curricula as well as the adoption of national skills strategies and action plans.

Examples of relevant measures with fulfilled milestones and targets under the social and territorial cohesion pillar ('non-youth employment', 'modernisation of labour market institutions' and of 'adult learning' policy area)

Reforms:

- **Croatia** has introduced a voucher system used to finance participation in educational programmes that develop green and digital skills At least 25 educational programmes are involved. The system contains a skills catalogue that maps existing and needed skills in the labour market, as well as an IT application for managing and awarding vouchers.

The Croatian voucher system benefits employed and unemployed persons, with a particular focus on vulnerable groups (long-term unemployed, inactive or young people neither in education, training or employment (NEETs)).

- **Austria** has implemented a measure aiming to provide targeted support for bringing long-term unemployed facing multiple barriers back to the labour market. The coordinated support is expected to help to address those multiple barriers and facilitate access to qualification and training.

- **Spain** has implemented a labour market reform to address long-standing structural issues such as duality and high temporary employment rate. At the same time, the legal framework has been adapted to allow firms to adapt more flexibly to shocks. One of the main features of the reform dealt with the work contract menu, reducing several forms to only three types and making open-ended contracts the default option.

Territorial infrastructure and services, development of rural and remote areas (including islands)

A substantial number of reforms and investments is aimed at improving territorial infrastructure and services at local level and bridging the divide between urban, rural and remote areas. They boost the local economy, increase the regional and national competitiveness, and have a direct positive impact on the quality of daily life. Many of the reforms and investments concern the promotion and improvement of sustainable mobility and transport, mainly the modernisation of railways and ports, and other sustainable mobility projects, such as for developing public transport services and constructing cycling lanes. The RRPs also include several measures to improve the use of natural resources and preserve the environment at local level. This covers reforms and investments to improve waste and wastewater management including on islands, to expand water treatment systems and irrigation networks, to increase the sustainability of the agricultural sector and to support the creation of consortia in functional rural areas. The measures are also aimed at other types of territorial infrastructure and services, such as the deployment of broadband infrastructure and social services and infrastructure in remote areas. Furthermore, the reforms and investments help improve the performance of the public administration at local level by strengthening the capacity of municipalities to deliver good quality services.

The measures supporting territorial infrastructure and services account for around EUR 151.2 billion, while specific measures supporting the development of rural and remote areas account for around EUR 16.0 billion. So far, 124 milestones and targets related to these two policy areas have been fulfilled, including 121 since the last annual report of the RRF in March 2022

Examples of relevant measures with fulfilled milestones and targets under the social and territorial cohesion pillar ('territorial infrastructure and services' and 'development of rural and remote areas' policy areas)

Reforms:

- **Bulgaria** enhanced the direct involvement of the regional and local level in the management of EU funds by strengthening their role in the design and implementation of integrated territorial strategies and projects.

- **Croatia** improved the agricultural land restructuring and consolidation systems by simplifying the consolidation procedures and ensuring a continuous monitoring of agricultural land. This contributes to a more efficient use of agricultural land, helps preserve the environment and improve life in rural areas.

- **Italy** improved the procedures for the evaluation of projects in the local public transport systems sector and in the rapid mass transport sector by clearly defining the responsibilities in the approval of local public transport projects and simplifying the payment procedure.

- **Spain** established the Institute for the Just Transition Fund, which is responsible for identifying and adopting measures that guarantee the equitable treatment of workers and territories affected by the transition towards a low carbon economy, minimise the negative impacts on these territories, and optimise the opportunities of the transformation process.

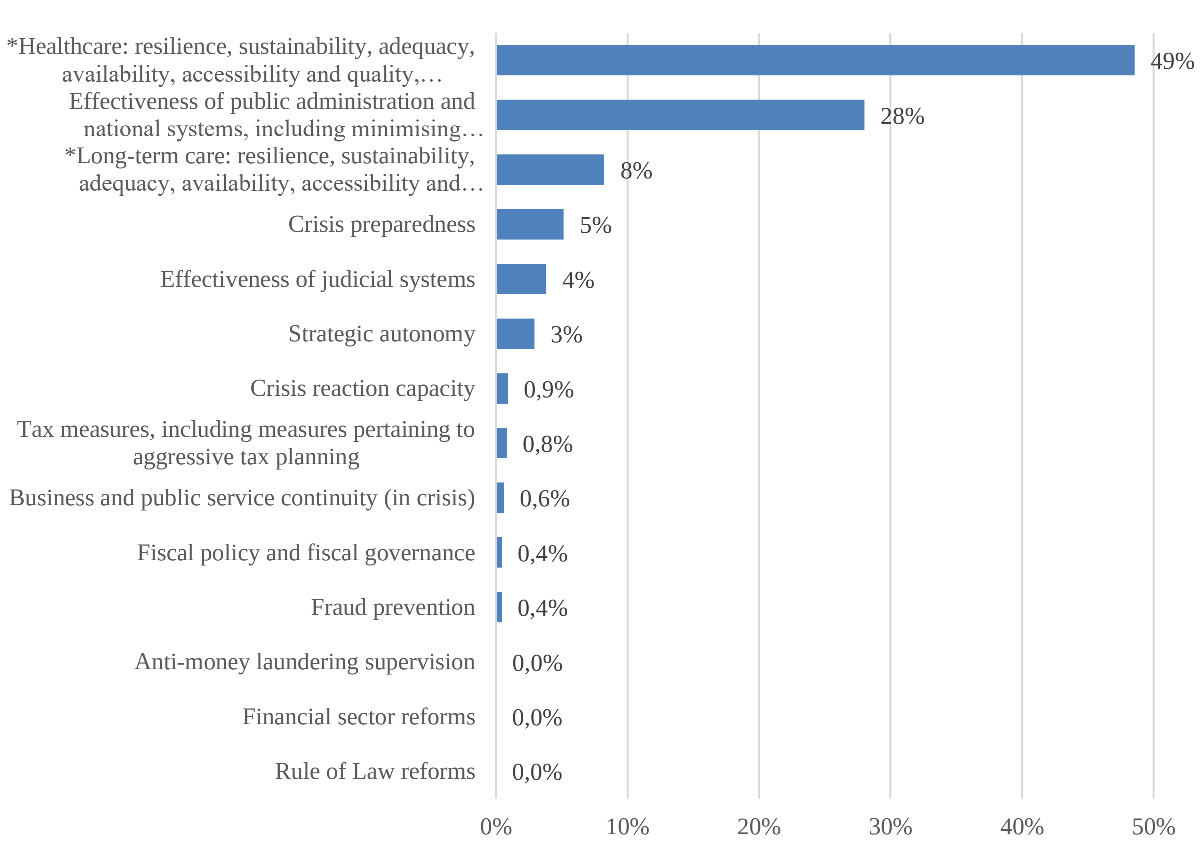
3.5. Contribution of the Facility to health, and economic, social, and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity (i.e. Pillar 5)

The Member States' RRPs contribute significantly to health, and economic, social, and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity. More than 1100 measures and sub-measures for about EUR 84.1 billion, included in the 27 RRPs, contribute to the policy pillar of health, and economic, social and institutional resilience. These measures cover policy areas ranging from health- and long-term care to the effectiveness of judicial systems and anti-money laundering supervision. The breakdown of expenditure across the different policy areas within the pillar is shown in Figure 24.[57]

Among the 705 milestones and targets satisfactorily fulfilled so far, 296 contribute to pillar 5, including 274 milestones and targets satisfactorily fulfilled since 1 March 2022. The most progress has been made in the policy areas of effectiveness of public administration and national systems (141 milestones and targets fulfilled in 95 measures since 1 March 2022), healthcare (40 M&Ts in 35 measures), and fraud prevention (36 M&Ts in 22 measures) (Figure 25).

[57] Please note that in some policy areas (such as Fiscal policy and fiscal governance or Rule of Law reforms) relevant measures are mostly reforms with no expenditure associated

Figure 24: Breakdown of expenditure supporting health and resilience per policy area



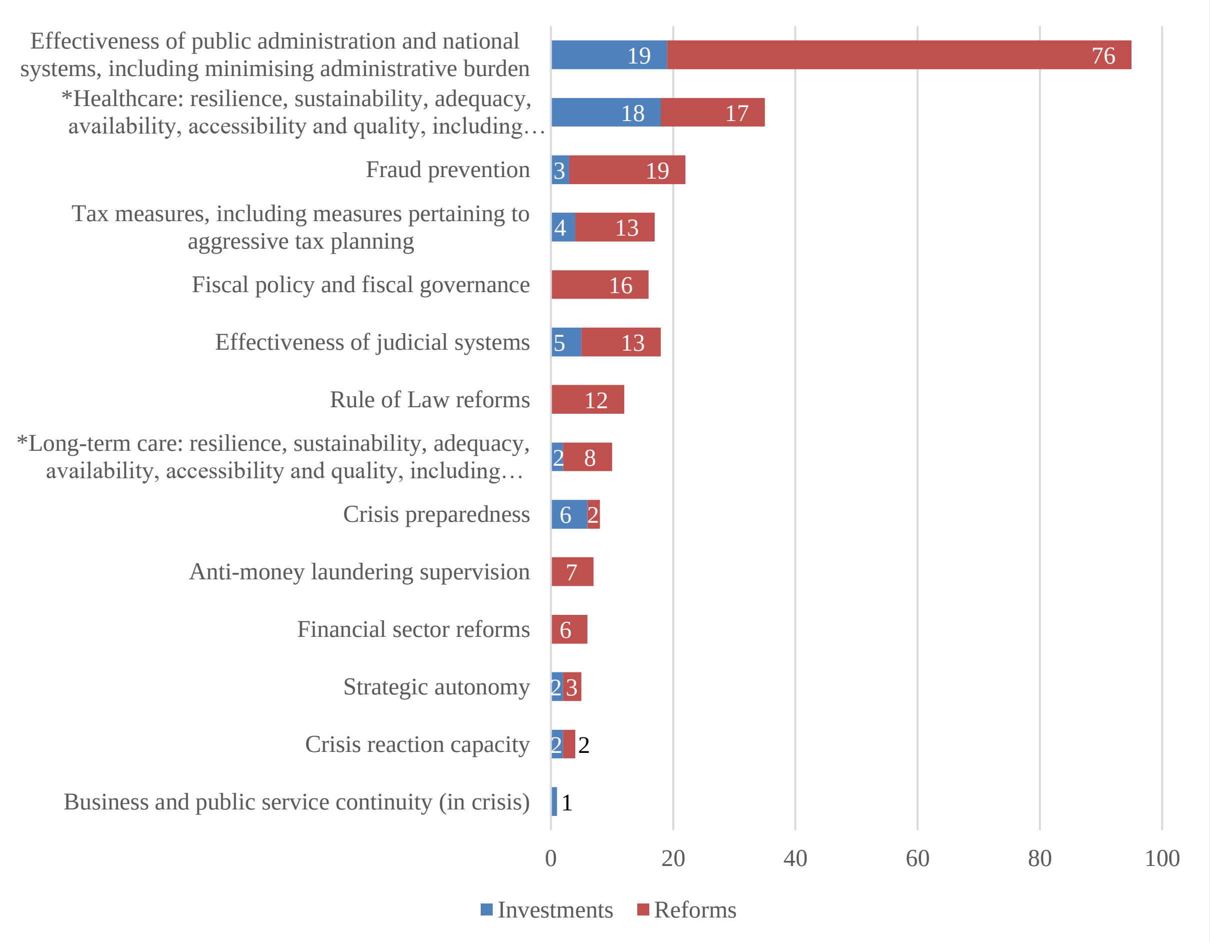
Note: This chart shows a breakdown of the estimated contribution to the policy pillar according to a list of policy areas established by the European Commission. The percentage relates to the overall share of the plan tagged under this policy pillar. The methodology for reporting social expenditure, as defined in Delegated Regulation (EU) 2021/2105, is fully aligned and integrated into the methodology for reporting expenditure under the six pillars. Under this pillar, the policy areas marked with an asterisk (*) are used for the social expenditure methodology.

Source: Recovery and Resilience Scoreboard.

Health and long-term care

A broad range of investment and reform projects in health under the RRF are being implemented, including in the area of primary care, outpatient care, digital health combined with efficiency-oriented measures to enhance the governance, cost effectiveness, access and quality of health services. Recent health reforms address challenges created by the pandemic, such as improving public health capacities. The pandemic also shifted policy towards prevention. Reforms and investments specifically tailored to mental health care and a comprehensive overhaul of national health strategies are being undertaken by several Member States. For example, Italy, Lithuania, and Portugal are reorganising their health systems to improve access to healthcare at local level and Latvia, Luxembourg, Poland, Malta and the Netherlands seek to strengthen the health workforce. Overall, across the 27 national RRPs more than EUR 43.0 billion (or 8.7% of total non-repayable financial support and loans under the RRF) are earmarked for healthcare-related measures. Approximately one third of this amount is dedicated to investments and reforms to drive the digitalisation of health systems which help strengthen the resilience of health systems.

Figure 25: Number of measures in pillar 5 with milestones and targets satisfactorily fulfilled since the last RRF annual report, per policy area



Note: The methodology for reporting social expenditure, as defined in Delegated Regulation (EU) 2021/2105, is fully aligned and integrated into the methodology for reporting expenditure under the six pillars. Under this pillar, the policy areas marked with an asterisk (*) are used for the social expenditure methodology.

Source: European Commission.

Several Member States finance long-term care reforms and investments under the RRF. Access to affordable high-quality long-term care services is important for addressing the care needs of the ageing population as well as those of persons with disabilities. The RRF is in line with the ongoing long-term care policy developments in the field, most notably the European Care Strategy, the European Pillar of Social Rights, and Council Recommendation on long-term care[58]. Reforms are to improve incentives for homecare and community-based care, including by de-institutionalising care provision. Overall, a total of EUR 7.3 billion is allocated 18 Member States for a total of 52 (sub-)measures (22 reforms and 30 investments).

To date, 50 milestones and targets related to the policy areas of healthcare and of long-term care have been fulfilled since 1 March 2022.

[58] Council Recommendation of 8 December 2022 on access to affordable high-quality long-term care 2022/C 476/01.

Examples of relevant measures with fulfilled milestones and targets under the health, and economic, social, and institutional resilience pillar ('healthcare' and 'long-term care' policy areas)

Reforms:

- **Bulgaria** adopted the National Strategy for the Mental Health of Citizens of the Republic of Bulgaria 2021-2030 and an action plan for the implementation of the strategy. This step is part of a reform which aims to provide the strategic underpinning of future investments and reforms in the field of healthcare by identifying relevant recommendations and actions. As such, the reform includes the adoption of a number of strategies and plans, covering relevant healthcare areas.

- **Czechia** approved the National Oncological Programme 2022-2030 in consultation with key actors and stakeholders and set-up of the National Council for the Implementation of the programme. The milestone is linked to the reform which aims to increase the resilience of the cancer prevention and care system in Czechia, reflecting the priorities set out in Europe's Beating Cancer Plan.

- **Denmark** issued a report of the assessment of stocks of critical drugs by the Danish Medicines Agency. This milestone relates to the measure which aims to maintain and ensure the stock of critical drugs in the secondary health sector of Denmark avoiding critical situations with shortages of important drugs. Denmark achieved also another milestone by preparing an evaluation about telemedicine solutions of health anxiety related to the COVID-19 pandemic to further develop and increase the use of telemedicine and patient involvement. The milestone forms part of a measure which aims to develop new digital solutions and foster the widespread use of digital technologies, patient involvement and the telemedicine.

- In **Italy**, legislation providing for the definition of a new organisational model of territorial healthcare assistance network entered into force. This milestone is linked to a reform that establishes a new model of territorial healthcare assistance and creates a new institutional structure of Health-Environment-Climate prevention.

- **Portugal** ensured the entry into force of the new Mental Health Decree-Law, which sets out the guiding principles for the organisation, management and evaluation of mental health care services. This milestone constitutes one of the main pillars of the mental health reform which aims to improve the management of mental health in Portugal by creating more favourable framework conditions for the de-institutionalisation of patients with mental illness, the expansion of local and integrated continued care services in the field of mental health, the organisation of forensic psychiatric services, and the implementation of regional health plans for dementia.

Investment

- **Austria** adopted and published the funding guidelines for establishing new primary health care units and for projects improving the already existing primary health care units. This step is part of the investment which aims to improve sustainability and resilience in healthcare by strengthening public health and primary health care.

Institutional resilience

Implementation of measures enhancing institutional resilience is also ongoing. Several Member States have adopted significant rule of law reforms, for instance, improving the quality of the legislative process or strengthening the independence of the judiciary. Considerable progress has also been made to reinforce the efficiency of judicial systems, with dedicated measures ranging from organisational changes of proceedings to reforming the structure of courts. Member States' efforts have also allowed to step up the fight against corruption and improve the anti-money laundering supervision, in particular through the adoption of national policy documents such as action plans and strategies.

Numerous measures aimed at achieving modern and agile public administrations serving EU citizens and businesses have already been implemented. These span from the investments dedicated to the monitoring of the implementation, audit and control of the RRPs to the reforms designed to simplify public administration and remove administrative barriers. Several public administration digitalisation measures are underway, for example in Luxembourg and Croatia. Some Member States focused on the civil service capacities, more precisely, more transparent recruiting systems and reducing the temporary employments in public administration.

A majority of the crisis preparedness and response measures already implemented under the RRF target climate change adaptation, healthcare and digital technology. Measures aimed at efficient, secure and shared digital critical infrastructures, including secure mobile communications system for government employees, are underway. Significant efforts have been made in the forest management and in preventing forest fires and reducing their impact. In healthcare, while the implementation of related measures is ongoing, the uptake of telemedicine has increased, helping mitigate the disruption to health service delivery caused by the COVID-19 crisis.

Examples of relevant measures with fulfilled milestones and targets under the health, and economic, social, and institutional resilience pillar ('effectiveness of public administration' policy area)

Reforms:

- The Digitalisation Fund Act has entered into force in **Austria**. The Act will accelerate digitalisation of the federal administration, improving services for citizen & businesses.

- **Bulgaria** adopted a Roadmap for the implementation of judgments of the European

Court of Human Rights.

- **Croatia** adopted a new anti-corruption strategy for 2021-2030. It aims to strengthen the institutional and normative framework for the fight against corruption, enhance the transparency and openness of the work of public authorities, strengthen integrity and conflict of interest management systems, enhance anti-corruption potential in the public procurement system and raise public awareness of the harm brought about by corruption, the need to report irregularities and enhance transparency.

- A law to protect whistle-blowers reporting fraud and corruption from internal sanctions entered into force in **Cyprus**. Together with the entry into force of the law establishing the Independent Authority against Corruption and with the entry into force of the law on Transparency in Decision-Making and Related Matters, it provides greater coherence in the fight against corruption**.**

- **Greece** has launched the introduction of the performance-based pay system in public administration by adopting the primary legislation for the pilot phase.

- **Malta** has strengthened the independence of its judiciary through a reform of the method of appointments and dismissals of judges and magistrates. Furthermore, the Judicial Appointments Committee is now to be composed mostly of members of the judiciary to reduce the risks of political interference. Public calls must now be issued for vacancies within the judiciary which will increase the transparency in the appointment process.

The Composition of the Maltese Judicial Appointments Committee has been changed

- **Malta** has also implemented a comprehensive set of anti-corruption measures, including a publication of a National Anti-Fraud and Corruption Strategy and granting of statutory reinforcement to the Permanent Commission Against Corruption to ensure that its reports are transmitted directly to the Attorney General.

- **Slovakia** reorganised its judicial map, defining a new system of courts. The aim of the reform is to better organise and structure the various court agendas and their physical location, as well as the (re)allocation of judges to court agendas and districts, thus creating scope for more effective and faster court decisions.

Fiscal resilience and taxation

Several Member States have already implemented important measures under the RRF to improve the management of public finances, both on the revenue and on the expenditure side. Numerous measures aim at improving tax collection and discouraging tax evasion, including by fostering digitalisation of transactions, tax collection and selection for audits. These measures are expected to support national revenues, combat the shadow economy and reduce compliance costs for taxpayers. Some Member States have also launched comprehensive reforms of their tax systems, aimed at supporting economic growth and improving fairness. Concerning public expenditure, several steps have been taken in a number of Member States in order to launch spending reviews, integrate them in the national budgetary process, or, where this was already achieved, improve their design and strengthen their governance. Some Member States have also taken measures aimed at improving the management of state-owned enterprises, enhancing budget forecasting tools and refining the accounting framework.

Examples of relevant measures with fulfilled milestones and targets under the health, and economic, social, and institutional resilience pillar (‘fiscal policy and fiscal governance’ and ‘tax measures’ policy areas)

Reforms:

- **Italy** has implemented a comprehensive set of measures against tax evasion, aimed at encouraging compliance and improving controls. The targeting of tax audits has been refined thanks to machine learning techniques and interlinked data-sets, which now also include corporate data on electronic transactions. Italy has also extended the compulsory use of electronic invoicing to previously exempted sectors, further encouraged electronic payments and improved the lottery of receipts to discourage omitted invoicing.

- **Spain** has established a permanent unit within the Independent Authority for Fiscal Responsibility (AIReF) to carry out spending reviews and changed the organisational structure of the Ministry of Finance to systematically follow up on recommendations of the spending reviews. These reforms aim at improving the quality of public spending. Spain has also revised the Law Against Tax evasion and Fraud and updated the Spanish list of non-cooperative jurisdictions in tax matters. These measures aim at achieving higher tax compliance and making the tax system fairer.

Investments:

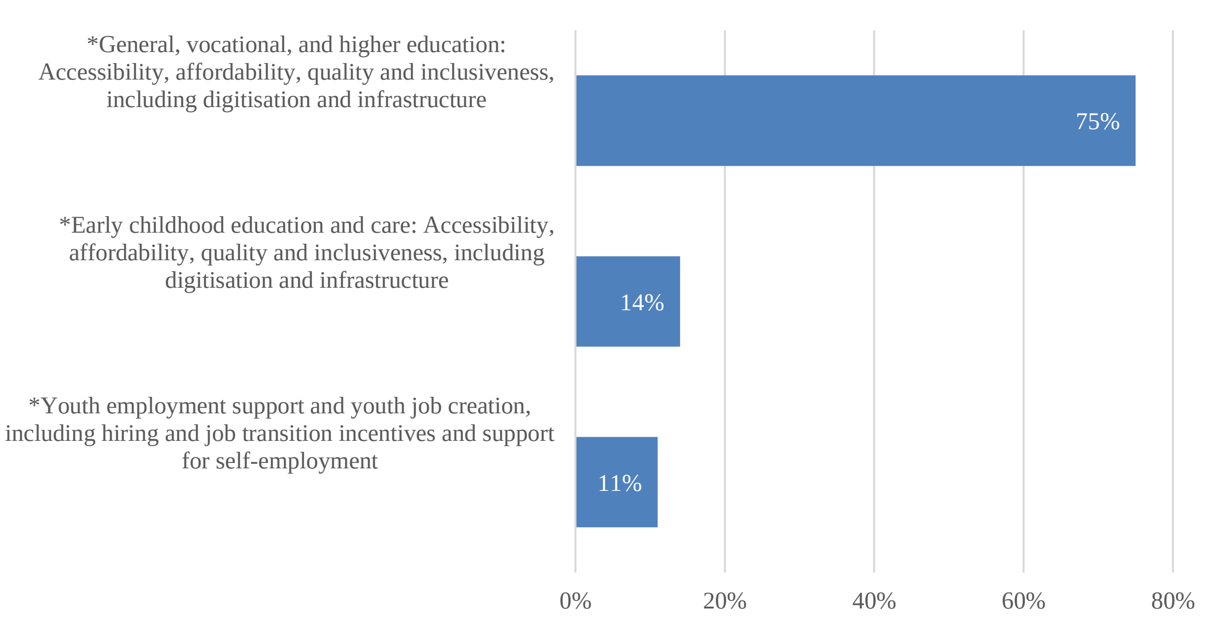
- **Romania** implemented an investment aiming to improve tax administration through the implementation of integrated risk management. The investment is expected to have an impact on the level of tax compliance and achievement of budget revenue, ensuring a competitive market environment and increasing the efficiency of tax collection. This specific measure envisages that at least 150,000 cash registers are connected to the National Agency for Fiscal Administration’s electronic system. The full connection shall address in particular fraud in the area of trade and contribute to reducing the VAT gap.

3.6. Contribution of the Facility to policies for the next generation, children and the youth, such as education and skills (i.e. Pillar 6)

Measures under the policies for the next generation, children and youth focus primarily on education, training, early childhood education and care as well as measures to support youth employment. The 27 RRPs adopted by the Council support pillar 6 with about EUR 54.9 billion. Around three quarters of the total expenditure related to pillar six contribute to general, vocational, and higher education. The remaining 25% is almost equally split between early childhood education and care, and youth employment support. The breakdown of expenditure within the pillar is shown in Figure 26.

Out of the 705 milestones and targets satisfactorily fulfilled so far, 64 contribute to pillar 6, including 61 milestones and targets satisfactorily fulfilled since 1 March 2022. 56 milestones and targets in 45 measures in the policy area of general, vocational and higher education have been fulfilled since 1 March 2022 (Figure 27). The milestones and targets in pillar 6 are associated with measures fostering quality, improving access and inclusiveness of the education systems, strengthening active labour market policies, supporting digital transformation in education, providing training and support for teachers, furthering the modernisation of vocational training, as well as providing support for higher education and cooperation with the public administration and businesses.

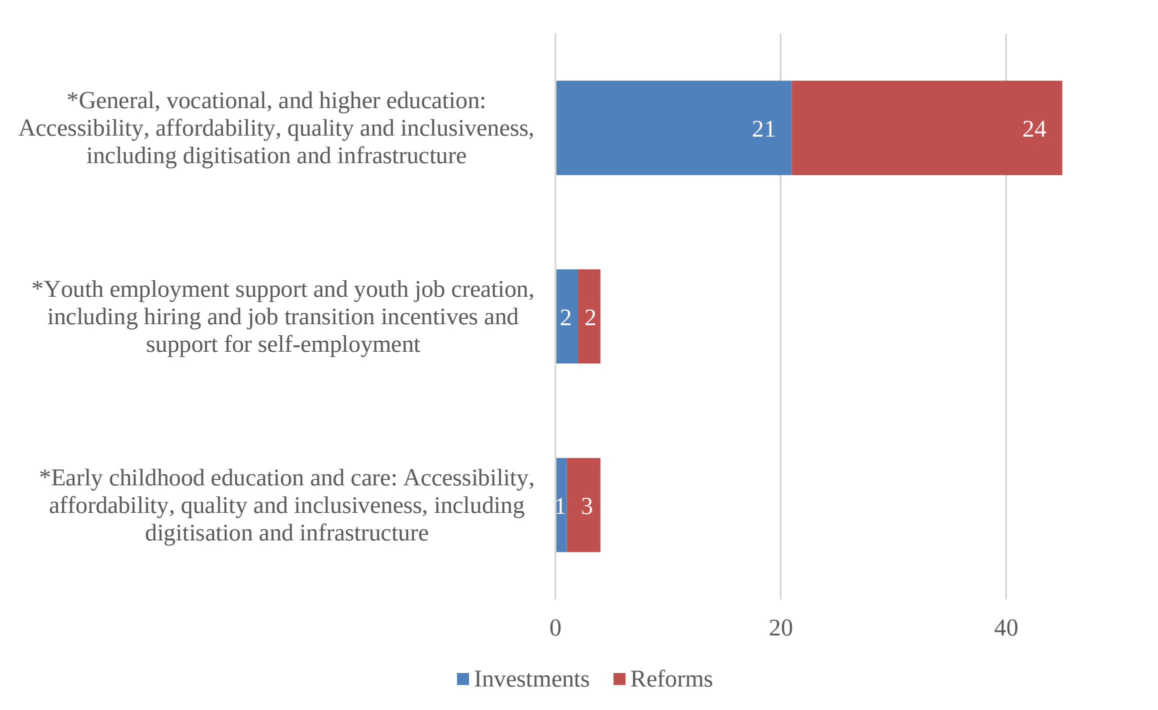
Figure 26: Breakdown of expenditure supporting policies for next generation, per policy area



Note: This chart shows a breakdown of the estimated contribution to the policy pillar according to a list of policy areas established by the European Commission. The percentage relates to the overall share of the plan tagged under this policy pillar. The methodology for reporting social expenditure, as defined in Delegated Regulation (EU) 2021/2105, is fully aligned and integrated into the methodology for reporting expenditure under the six pillars. Under this pillar, the policy areas marked with an asterisk (*) are used for the social expenditure methodology.

Source: Recovery and Resilience Scoreboard.

Figure 27: Number of measures in pillar 6 with milestones and targets satisfactorily fulfilled since the last RRF annual report, per policy area



Note: The methodology for reporting social expenditure, as defined in Delegated Regulation (EU) 2021/2105, is fully aligned and integrated into the methodology for reporting expenditure under the six pillars. Under this pillar, the policy areas marked with an asterisk (*) are used for the social expenditure methodology.

Source: European Commission.

General, Vocational, And Higher Education: Accessibility, Affordability, Quality And Inclusiveness, Including Digitisation And Infrastructure

Investments and reforms totalling more than EUR 43.2 billion in general school education will support improvements in quality and inclusiveness. Some Member States will offer individualised support to disadvantaged schools and students, including mentoring, including in view of overcoming learning gaps and preventing early school leaving. Other measures include investments to increase the number of instruction hours and enable whole-day schooling. Several measures address issues such as implementing curricular reforms, reforming teachers' recruitment mechanisms, improving education of children with special needs, supporting low performing students, improving external evaluation of schools or supporting desegregation measures.

Most countries plan to invest in the digital infrastructure and connectivity of schools, often with a focus on disadvantaged and rural schools. These investments include transforming classrooms into flexible and connected learning environments and equipping learners and teachers with digital devices to reduce the digital divide. Digital competences of pupils will be improved through the adaptation of the school curricula and development of digital resources and digital content. Many Member States include teacher training on digital education in their plans.

Some Member States will use the RRF to support the transformation of their higher education with a broad range of measures. Measures include modernising study programmes, expanding study places, launching new study courses, reviewing funding models in higher education, developing quality assurance and governance mechanisms, introducing graduate tracking systems, and internationalising higher education. Furthermore, improving access to higher education will be funded by a number of Member States such as, for example, Belgium, Bulgaria, Croatia, Spain, France, Ireland, Poland, Portugal, Romania, Finland and Sweden.

Early Childhood Education and Care: Accessibility, Affordability, Quality And Inclusiveness, Including Digitisation And Infrastructure

Investments and reforms amounting to more than EUR 8 billion in quality inclusive early childhood education and care are expected to increase participation rates, in particular among disadvantaged groups, and thus reduce inequalities and contributing to the implementation of the European Child Guarantee[59]. More than half of the Member States included measures to improve access to early childhood education and care (ECEC) by expanding its capacities, inclusiveness and/or quality. The provision of quality affordable ECEC facilitates, on the one hand, equal opportunities for all children regardless of their socio-economic background, and, on the other hand, the labour market integration of carers, most often women, reducing risk of poverty or social exclusion. Investments in infrastructure construction and renovation are often accompanied by reforms. For instance, countries plan to

[59] Council Recommendation (EU) 2021/1004.

lower the age of compulsory pre-school education, introduce a legal entitlement for a place, review the financing model, reduce early childhood education and care fees, improve early diagnosis and support for children with disabilities, review the recruitment system for early childhood education and care staff, and to adopt the legal framework to facilitate access to training and opportunities for further professionalisation of staff.

Youth Employment Support and Youth Job Creation, Including Hiring And Job Transition Incentives And Support For Self-Employment

Measures to support youth employment encompass subsidies for traineeships, investments to customise public employment services to young people, enhance youth coaching and individual guidance towards employment and autonomy, and schemes to incentivise hiring of young people by the private sector amounting to around EUR 6.1 billion.

Examples of relevant measures with fulfilled milestones and targets under the policies for the next generation pillar

Reforms:

- **Bulgaria** fulfilled three milestones which aim to enhance the effectiveness of the education system at all levels – pre-school, school and higher education. These include amendments in the Pre-school and School Education Act and related secondary legislation, including making pre-school education mandatory as of the age of four, amendments to the Higher Education Act to introduce a revised accreditation system for higher education institutions, and the adoption of a National Map of Higher Education.

Bulgaria has improved the effectiveness of its school system

- **Czechia** met several milestones and targets in the area of education. A reform revised the curricula of primary, lower-secondary and upper-secondary schools in view of promoting digital literacy and advanced IT skills such as data processing and modelling, coding and programming, robotics, and virtual/augmented reality. Moreover, at least 20 universities have been selected for supporting their development of new study programmes focusing on upskilling and reskilling.

- **Italy** saw the entry into force of the reform on the teaching profession. The reform consists of four points: i) the improvement and simplification of the public competition procedures; ii) strengthening of the qualification needed to access the teaching profession; iii) the establishment of a more effective teachers' mobility framework in the interest of teaching continuity; and iv) setting a career progression linked to the performance evaluation and continuous professional development.

Investments:

- **Czechia** provided 74 000 digital devices (tablets, laptops, mobile phones, etc.) to 4102 primary and secondary schools for distance learning.

3.7. Contribution of the Facility to social policy, including gender equality as well as children and youth

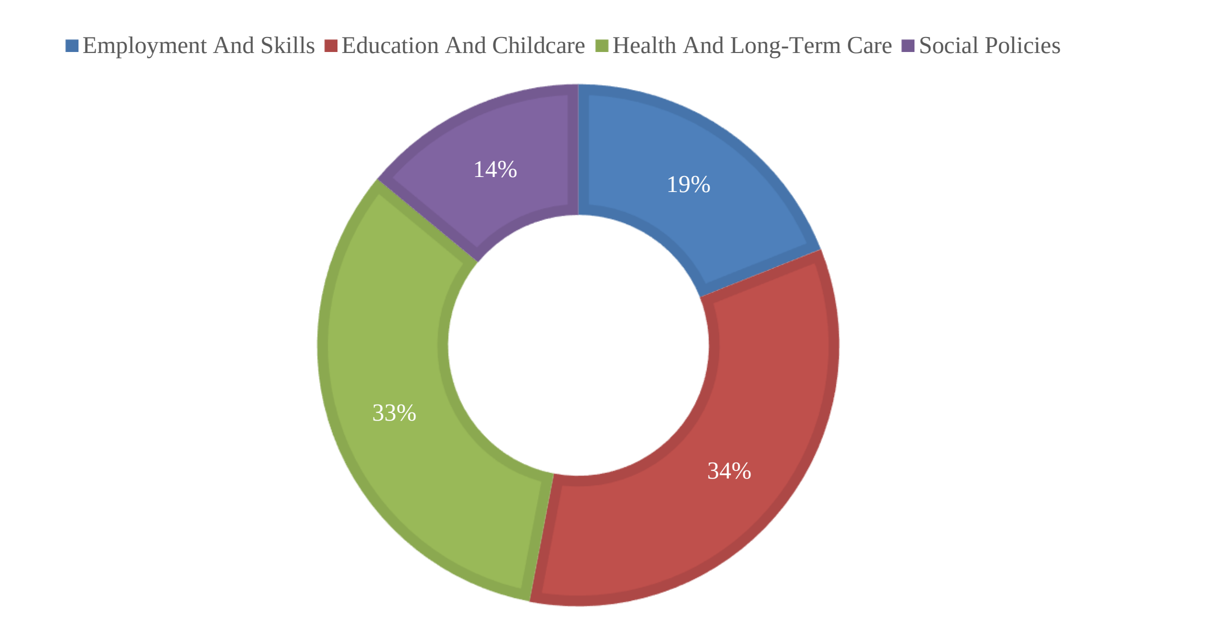
Social policy

Member States have included a significant number of measures in their RRPs that foster social policy, including related to gender equality as well as children and youth, thereby supporting the implementation of the European Pillar of Social Rights. Of the 2042 milestones and targets that foster social policy, 213 milestones or targets have been fulfilled, including 199 fulfilled since 1 March 2022 (see section 3.4, 3.5 and 3.6 for a targeted analysis of measures contributing to employment and skills, education and early childhood education and care, health and long-term care as well as social policies).

A total of around EUR 139.8 billion allocated by Member States contribute to social spending[60], which represents about 28% of the total estimated expenditure. Around one third of this amount is dedicated to spending on education and early childhood education and care, another one third on health and long-term care, while the rest is divided between spending on employment and skills, and social policies (Figure 28).

[60] Given the importance of social spending in the aftermath of the COVID pandemic, the RRF Regulation empowered the Commission to adopt a delegated act establishing a methodology to report on social expenditure, including on children and the youth, under the RRF (Article 29(4)b). The methodology adopted by the Commission classifies all expenditure financed by the Facility relating to reforms and investments into nine broad policy areas, which are then aggregated into four social categories: (1) employment and skills, 2) education and childcare, 3) health and long-term care, and 4) social policies. Please see Delegated Regulation 2021/2105.

Figure 28: Share of RRF social expenditure by main social categories



Note: This figure shows the breakdown of estimated social expenditures in all endorsed RRPs. Social categories are defined and applied based on the methodology adopted by the Commission in consultation with the European Parliament and the Member States in the Delegated Regulation 2021/2105.

Source: Recovery and Resilience Scoreboard

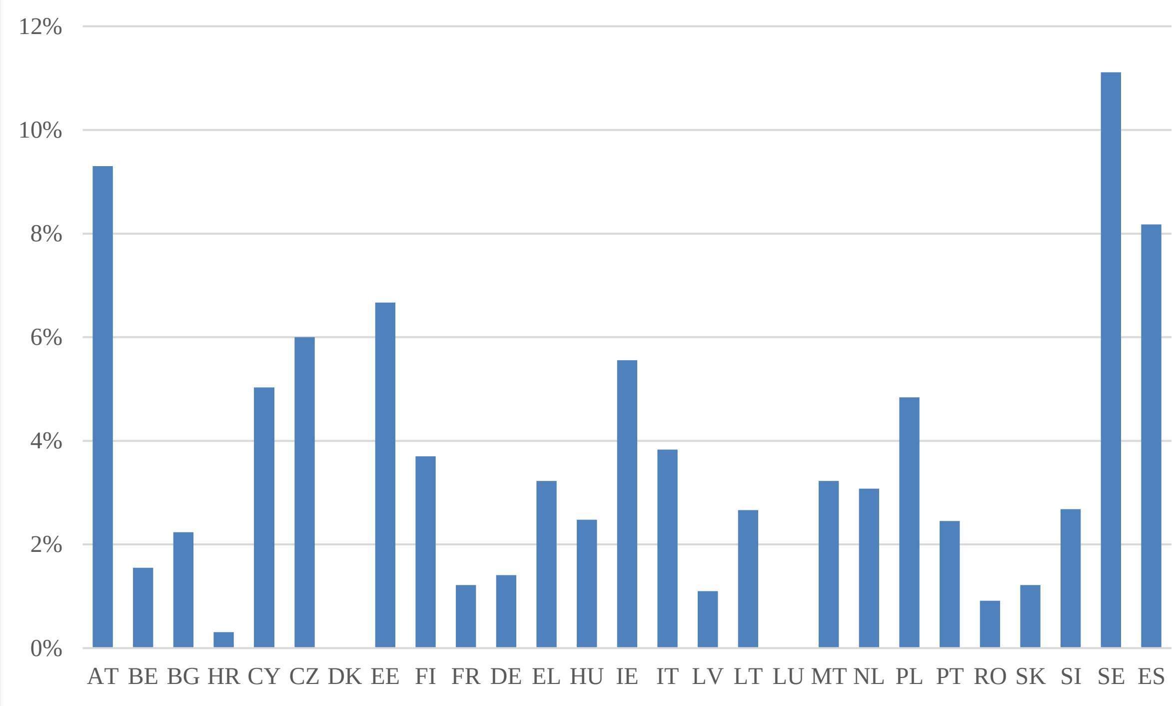
Gender equality

Member States' RRPs contribute to gender equality in several ways. The 27 plans adopted contain (sub-)134 measures with a focus on gender equality, and many reforms and investments that are explicitly aimed at contributing to equal opportunities in general. The breakdown of gender equality relevant measures per Member State is provided in Figure 29.[61][62]

[61] Figures are illustrative, meant to be used for qualitative analysis, and do not constitute a comparative assessment of Member States' RRPs. The number and structure of the measures in each national plan vary greatly, as well as the approach to reflect commitments to gender equality. More detailed analysis can be found in the Staff Working Documents adopted by the European Commission for each endorsed plan, as well as the Thematic Analysis on Equality on the RRF Scoreboard.

[62] Following the methodology for reporting social expenditure as set out in Delegated Regulation (EU) 2021/2105, the Commission flagged measures that include a focus on gender equality. It should be noted that the Commission applied this methodology not only to measures of a social nature, but also to all other measures included in adopted RRPs having a focus on gender equality, in order to better capture these throughout the plans. This did not have to be the main focus of the concerned measures. Measures not flagged as such may also have an impact on gender equality. Figures presented here constitute the *number* and *share* of overall measures with such focus, and not the costs related to them.

Figure 29: Share (in %) of measures having a focus on gender equality in adopted RRPs



Source: Recovery and Resilience Scoreboard

In addition to measures explicitly contributing to equal opportunities, Member States included other reforms and investments in their plans that mainstream equality considerations. This sometimes entails explicit sub-targets or other provisions ensuring that the needs of specific groups are taken into account in other policy areas. At the same time, even if measures in the areas of labour market, housing, energy, transport, and digitalisation may not initially be regarded as policies contributing to equality, their effective implementation can have a significant contribution to fostering equal opportunities. For example, reforms and investments in infrastructure, public transport or digital connectivity may not have been designed for the purpose of equal opportunities but may have a positive impact in terms of access to remote education, essential (health) services and utilities, or by allowing people with limited mobility or living in remote areas to participate in economic activities and social life.

Member States are progressing with the implementation of measures with a focus on gender equality. Of the 134 (sub-)measures with a focus on gender equality in the 27 RRPs, 25 (sub-)measures contain milestones or targets that are fulfilled, including 20 since 1 March 2023. Examples of measures with a focus on gender equality with fulfilled milestones and targets are presented in the box below.

Examples of relevant measures with fulfilled milestones and targets with a focus on gender equality

Reforms:

- **Croatia** adopted a new labour law that includes provisions for more flexibility in working time and the place of work, as well as provisions reducing the gender pay gap. The additional flexibility allows especially parents and care providers to make more use of part-time work arrangements.

- **Spain** introduced new legislation to ensure equal pay between men and women through the obligation of equal pay for work of equal value, fostering pay transparency to identify and avoid discrimination and developing instruments to comply with the principle of pay transparency.

Investments:

- **Italy** implemented an investment supporting the creation and growth of enterprises led by women, by setting up a new fund and strengthening two existing ones as of 2021. The related milestone was satisfactorily fulfilled as part of the first payment request. The first 700 firms are expected to be entitled to support as of July 2023 and, according to national data, by June 2023 more than 1,000 firms were officially selected. Italy also set up a gender equality certification system to encourage and incentivise corporate practices conducive to gender equality.

Children and youth

The 425 (sub-)measures with a focus on children and youth are spread over a number of policy areas, primarily in the field of education and training. A dedicated analysis on policies for the next generation, children and the youth, for instance in the area of education and training, can be found in section 3.6.

Of the measures with a focus on youth and children in the 27 RRPs, 83 (sub-)measures contain milestones or targets that are fulfilled, including 79 (sub-)measures with a M&T fulfilled since 1 March 2022. A large number of Member States started with reforms and investments supporting children and youth. Examples of measures supporting children and youth with fulfilled milestones and targets are presented in the box below.

Examples of relevant measures with fulfilled milestones and targets with a focus on children and youth

Reforms:

- **Austria** introduced a remedial education package and related support measures focused in particular on disadvantaged pupils, including the provision of resources for support lessons, group/class divisions, individual support measures, and supplementary lessons during the summer holidays. Many additional support classes have already taken place, aiming to compensate for the accumulated learning deficits and potential losses in education during the COVID-19 pandemic.

- **Bulgaria** has implemented the first part of the reform of pre-school and school education and lifelong learning, including a new obligation for children to attend pre-school education from the age of four. Other amendments to the Act included an update of the science, technology, engineering and mathematics (STEM) core curricula and additional distance learning opportunities.

- **Lithuania** started reforming its vocational guidance system, with a focus on career counselling and lifelong learning, to better connect supply and demand on the labour market. The first completed steps have established the framework and management of the system, the competency requirements of career professionals, the funding system for services provided, the scope of the involvement of institutions and social partners.

- **Malta** started implementing a reform to enhance quality inclusive education, in particular by setting up new autism units in middle schools, benefiting young people on the autism spectrum who now have access to equipment accommodating their specific educational needs.

Investments:

- **France** supported the employment of young people with over 337 000 hiring subsidies in the first half of 2021 for youth under 26 years old. The subsidies were paid to the employer for the conclusion of a fixed-term contract (of at least three months) or an open-ended contract for youth under 26, in moderately qualified or entry-level jobs.

Disadvantaged groups

Several Member States' RRPs also include measures to address the economic and social integration of persons with disabilities as well as the protection and integration of other disadvantaged groups, such as people with a migrant background or Roma. Besides several measures targeted to youth with a focus on disadvantaged groups as described above, Member States introduce for instance incentives for employers to hire people with disabilities and to support their integration in the labour market or make targeted efforts to remove barriers in public buildings and to facilitate the participation of persons with disabilities in education and their inclusion in society.

Since 1 March 2022, several Member States (e.g. Austria, Croatia, Italy, Portugal, Slovakia, and Spain) completed or initiated important reforms and/or investments promoting the inclusion of disadvantaged groups, such as people with disabilities, people with a migrant or minority ethnic background. These measures sometimes explicitly address the Roma population. In addition, some Member States undertook reforms and investments to improve and/or digitalise the reception system for migrants and refugees.

Examples of measures supporting the inclusion of disadvantaged groups with fulfilled milestones and targets are presented in the box below.

Examples of relevant measures with fulfilled milestones and targets with a focus on disadvantaged groups

Reforms:

- **Slovakia** introduced a new, accelerated visa scheme, targeting highly qualified third-country nationals seeking employment, by allowing them to immediately start working on the basis of a national visa.
- **Greece** introduced a law to enable the transition towards community-based care for disability and launched the first step of a pilot phase for a personal assistance scheme.
- **Croatia** has implemented the training of 256 social mentoring professionals, through 15 modules in 9 towns: Varaždin, Karlovac, Zagreb, Slavonski Brod, Split, Osijek, Zadar, Rijeka and Pula. The aim of the training was to strengthen the competencies of professionals in the social welfare system to support the implementation of a social mentoring service as successfully as possible when working with individuals in a marginalised position in society or at risk.
- **Italy** supported projects aimed at increasing the autonomy of people with disabilities. Projects consist of renovation of home spaces and provision of information and communication devices to disabled people with disabilities, accompanied by training on digital skills. At the end of 2022, more than 500 projects had already been delivered to people with disabilities by the responsible social districts. The overall objective is to reach at least 5,000 people with disabilities by the end of March 2026 across the whole country.

Project inaugurated in Casa Vitinia, Roma at the end of 2022, consisting of the delivery of a renovated home and training opportunities related to digital skills to 12 people with disabilities

Investment:

- **Latvia** provided access to learning content and enable socially vulnerable groups to participate in remote learning. A framework for organisation and implementation of remote learning in educational institutions was approved in 2021. The investment in the RRP consists of purchasing information and communication technology equipment for general education institutions, with targeted support for pupils from socially vulnerable groups, teachers and the creation of a "computer library" in educational institutions.

3.8. Contribution cross-border & multi-country projects

The RRF supports Member States' participation in cross-border projects, with the planning of reforms and investments taking place at the same time in a coordinated way. While each RRP reflects the specific situation of each Member State, some common challenges call for coordinated reforms and investments. Multi-country collaboration can enable the support to large projects that a single Member State could not develop on its own and allow to pool resources, thereby increasing the impact and achieving economies of scale and synergies.

During the preparation of the plans, the Commission encouraged Member States to participate in key multi-country projects, which would enhance coordination for critical investments in strategic sectors – and provide tangible benefits to the Single Market. The importance of multi-country projects has further been strengthened in the amendment of the RRF Regulation, which requires through an additional assessment criterion that a strong focus is placed on all measures introduced under the REPowerEU chapter to contribute to cross-border or multi-country projects.

Green transition

More than half of the RRPs include measures contributing to multi-country projects or cross-border initiatives related to measures under the green transition pillar (see Table 8 **below):** In total, more than 38 measures are relevant for green multi-country or cross-border projects.

- **The multi-country projects** with the highest take-up in RRPs are the 'Important Projects of Common European Interest' (IPCEI) measures on hydrogen (included in nine measures of six Member States). Multi-country projects related to the green transition also include two electric interconnectors (EUR 0.3 billion) and the rail interconnector between Verona and Brenner (EUR 0.9 billion).
- **Several cross-border projects will foster EU interoperability of railway, with a significant cross-border dimension.** Some of these projects relate to the deployment of the European Rail Traffic Management System (ERTMS) (five RRPs, eight projects, EUR 3.4 billion). ERTMS is about interoperability, digitisation and safety of train services and is key to shift traffic from road to rail for railway freight on cross-border routes. Investment needs in terms of rail signalling across the entire EU are significant, given that only 11% of the Trans-European Transport Network (TEN-T) corridors are adequately equipped. In addition, the RRF will finance the deployment of TEN-T rail corridors (e.g., RailBaltica, Mediterranean (Spain-France), Scandinavian-Mediterranean (Italian section) North Sea-Mediterranean (Belgium-Luxembourg) for an amount exceeding EUR 24.9 billion (representing in 11 RRPs, 17 measures and more than 40 milestones and targets).

Since the last annual report of the RRF in March 2022, five milestones and targets related to green cross-border and/or multi-country projects, from a total of 10, have been satisfactory fulfilled. Furthermore, due to the revision of the RRPs, one measure on TEN-T corridors has been removed on the basis of Article 18 of the RRF Regulation, while another measure has been added on rail interconnection on the basis of Article 21. In addition, the Commission has approved REPowerEU chapters comprising measures with a cross-border nature from the following Member States: Estonia, France, Slovakia and Malta (for further information, see section 4.2: REPowerEU).

Table 8: Multi-country projects relating to measures under the Green Transition pillar

	BE	**BG**	**CZ**	**DK**	**DE**	**EE**	**IE**	**EL**	**ES**	**FR**	**HR**	**IT**	**CY**	**LV**	**LT**	**LU**	**HU**	**MT**	**NL**	**AT**	**PL**	**PT**	**RO**	**SI**	**SK**	**FI**	**SE**	***Total***
IPCEI Hydrogen	●				●				●	●		●								●						●		**7**
Electric interconnector		●											●															**2**
Rail interconnector						●						●																**2**
ERTMS		●							●			●							●				●					**5**
TEN-T corridors	●	●						●	●		●	●					●			●	●		●	●				**11**

Source: Recovery and Resilience Plans of all 27 Member States

Digital transition

Most RRPs also include measures contributing to multi-country projects or cross border initiatives related to the digital transition, with 21 out of the 27 plans incorporating such projects. In total, more than 50 (sub-)measures contribute to multi-country or cross-border projects.

The RRPs will, through the digital multi-country projects, contribute to EU priorities. 12 RRPs include contributions to the multi-country project on microelectronics, which aims to strengthen the EU's competitiveness in semiconductor technologies. Eight Member States include in their RRPs support to the European Network of Digital Innovation Hubs, which will help foster digitalisation in SMEs. Multiple RRPs also include support to multi-country projects supporting the development and deployment of cross-border 5G corridors, of cloud infrastructure and services, capacities in the area of microelectronics, quantum communication infrastructure, and high-performance computing, among others. Table 9 summarises the uptake of digital multi-country projects in the 27 RRPs.

Since the beginning of the RRF, 13 milestones and targets related to digital cross-border and/or multi-country projects have been satisfactory fulfilled. (Furthermore, due to the revision of the RRPs, certain measures have been removed, based on either Article 18 or Article 21 of the RRF Regulation).

Table 9. Digital multi-country projects

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	*Total*
Micro-electronics	●		●		●				●	●		●		●						●			●	●	●	●		12
European Digital Innovation Hubs			●				●		●		●	●		●								●			●			8
5G corridors			●					●	●			●		●	●											●		7
Cloud					●				●	●		●		●							●			●				7
Euro Quantum Communication Infrastructures			●					●								●								●				4
Euro High Perf. Computing								●				●													●			3
Connected public administration								●			●											●						3
Genome of Europe									●					●	●													3
Submarine cables								●					●															2
Blockchain (EBSI)			●																					●				2
Security Operation Centres								●				●																2

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	*Total*
Other			●			●		●	●			●		●									●		●	●		9

Source: Recovery and Resilience Plans of all 27 Member States

Examples of relevant measures with fulfilled milestones and targets in cross-border and multi-country projects

Reforms:

- **Czechia** launched the Central European Digital Media Observatory hub. The Observatory is part of the European Digital Media Observatory and shall contribute to combatting against disinformation online at national, transnational, and European level.
- **France** published national strategies aimed at increasing investment in key digital technologies including quantum technologies, cybersecurity, 5G and future telecommunication and cloud solutions, and includes contributions to Important Projects of Common European Interest (IPCEIs), which aims to build European capacities in important advanced technologies.
- **Italy** adopted a national legal act allocating the necessary funding to provide support to participants to IPCEIs, specifying the procedures and deadlines for submitting projects and the access requirements of potential beneficiaries.

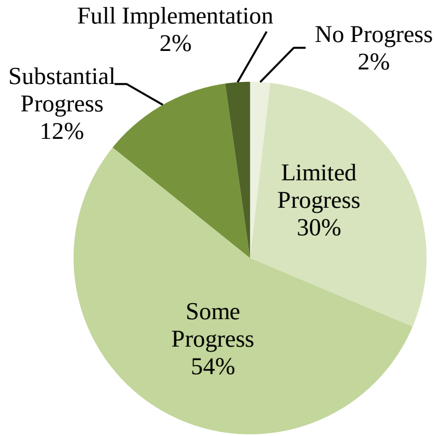
Investments

- **Austria** selected projects to support the development of innovative microelectronics and connectivity technologies, contributing to the IPCEI on microelectronics and communication technologies.
- **Portugal** selected Digital Innovation Hubs consortia as incubators/accelerators to foster the entrepreneurship ecosystem on the digital transition. The hubs will be part of the network of the European Digital Innovation Hubs.

3.9. Contribution to the implementation of country-specific recommendations

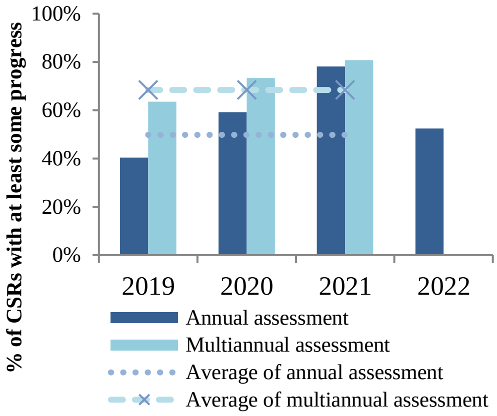
Progress has been recorded for the implementation of country-specific recommendations (CSRs), with at least some progress having been made for 68% of 2019-2020 CSRs (Figure 30). The CSR assessment published as part of the 2023 European Semester Spring package demonstrates steady increase in implementation of both 2019 CSRs of a structural nature and more crisis-oriented 2020 CSRs. This shows clearly the incentives provided by the RRF since 2021, whose performance-based approach and emphasis on reforms is expected to continue reinforcing CSR implementation in the years to come. Member States have made most progress since 2019 on access to finance and financial services, followed by labour market functioning, anti-money laundering and business environment. At the same time, progress has been less visible in the areas of the single market, competition and state aid, housing, long-term care and pension systems.

Figure 30: Current level of implementation of 2019-2020 CSRs



Source: 2023 European Semester – Spring Package

Figure 31: Implementation of 2019-2022 CSRs: annual assessment in each consecutive year versus implementation to date



Source: 2023 European Semester – Spring Package

Progress in the implementation of the recommendations adopted in 2022 has also been substantial, with at least some progress in almost 52% of the recommendations addressed to Member States in July 2022 (Figure 31). Most progress overall has been achieved on budgetary framework and fiscal governance, followed by transport, business environment and energy efficiency. By contrast, less progress has been made in addressing recommendations on taxation policy.

4. REPowerEU

Since the establishment of the RRF Regulation in February 2021, unprecedented geo-political events have disrupted European and global economies and energy markets. Member States have been facing several new challenges from high energy prices, overstained administrative capacity, disruption of supply chains, or the socioeconomic consequences of Russia's aggression against Ukraine. In response to these recent events, the Commission established the REPowerEU plan, with the objective of making the EU independent from Russian fossil fuel before 2030. REPowerEU focuses on diversifying gas imports and undertake the related adjustments to the energy infrastructure, whilst also accelerating the penetration of renewable electricity and enable energy savings across the economy.

The REPowerEU Plan, proposed in May 2022 as the EU's response to the global energy crisis, recognised the role of the RRF, along with other EU instruments including cohesion policy funds[63], for achieving secure, affordable and green energy. Under REPowerEU, the RRF will support Member States in putting forward additional reforms and investments to meet the REPowerEU objectives, including the rapid phase-out the EU's dependence on Russian fossil fuels, accelerating the clean energy transition, reducing energy consumption, supporting the reskilling of the workforce, addressing energy poverty and supporting value chains in critical raw materials and technologies linked to the green transition. These new or scaled-up measures, to be included in dedicated REPowerEU chapters, will come on top of the already ambitious green agenda of the existing RRPs. They can rely on the technical assistance from the Commission provided via the Technical Support Instrument (TSI). 17 Member States have received or are currently receiving support relevant to REPowerEU[64]. Some of these measures will also have digital dimension (such the digitalisation of energy).

As discussed in section 2.3., **the Commission has received 25 modified RRPs and 20 REPowerEU chapters.** The following section discusses in more details the content of the REPowerEU chapters that have been adopted by the Council of the EU at the time of preparation of this report.

4.1. Measures included in the REPowerEU chapters

The adopted REPowerEU chapters directly address the objectives of the amended RRF Regulation. The adopted chapters include measures directly address the objectives of the Net Zero Industry Act and Critical Raw Materials Act under the umbrella of the Green Industrial Plan. These include measures to improve permitting processes for renewable energy, to improve green skilling of the workforce, and to support the value chains in critical raw materials and technologies linked to the green transition. An overview of the REPowerEU

[63] Cohesion policy programmes contribute to support the transition towards a more secure and sustainable energy system. In addition, the SAFE initiative (Supporting Affordable Energy) enables Member States to use unspent 2014-2020 cohesion funds to support households and SMEs facing increased energy costs.

[64] https://reform-support.ec.europa.eu/what-we-do/green-transition/supporting-repowereu-affordable-secure-and-sustainable-energy-europe_en

chapters positively assessed by the Commission and approved by the Council is provided in Table 10.

Table 10: Overview of the content of the adopted REPowerEU chapters

	Number of new and scaled-up investments and reforms	**Climate contribution**	**Total estimated cost (in EUR million)**	**REPowerEU objectives met by the Member States' chapter**
Estonia	2 new investments 1 scaled-up reform	100%	**Total: 90** ETS: 83.3 BAR: 6.6	(b) Acceleration of deployment of renewable energy sources ('RES'), critical energy infrastructure, organisation industry, uptake of sustainable biomethane (e) Accelerating integration of RES
France	3 new investments 3 new reforms 1 scaled-up investment	91.6%	**Total: 2,825** ETS: 2,321 BAR: 504	(b) Boosting energy efficiency in buildings Accelerating the deployment of RES and decarbonising industry (d) Incentivising reduction of energy demand (e) Accelerating integration of RES, supporting electricity storage, supporting zero emission transport.
Malta	1 new reform 1 new investment	100%	**Total: 70** ETS: 30 BAR: 40	(b) Accelerating the deployment of renewable energy, boosting energy efficiency in buildings (e) Accelerating integration of renewable energy and supporting zero-emission transport and its infrastructure
Slovakia	6 new reforms 6 new investments 2 scaled-up investments	85.26%	**Total: 402.7** ETS: 366.4 BAR: 36.3	(b) Accelerating the deployment of renewable energy, boosting energy efficiency in buildings (c) Addressing energy poverty (e) Accelerating integration of renewable energy and supporting zero-emission transport and its infrastructure (f) Accelerated requalification of the workforce towards green and related digital skills

Source: European Commission.

REPowerEU chapter: Estonia

The Estonian REPowerEU chapter consists of one scaled-up reform and two new investments in the area of renewable energy sources and the production as well as uptake of sustainable biomethane, amounting to an estimated cost of EUR 90 million. Both investments and the reform have a cross-border dimension and 100 percent of the estimated costs are climate tagged. The following list summarizes the reform and investments of the chapter:

- **Reform on the deployment of renewable energy sources.** In complementarity with an existing reform in the Estonian RRP, this measure contributes to increasing the roll out of wind projects by reducing legislative hurdles for wind energy developers. Furthermore, the reform strengthens the capacity of local authorities in administrative procedures necessary for wind energy development.
- **Investment to increase the access of renewable energy production to the electricity distribution network**. This investment will improve the capacity of distribution networks by an additional 160 MW and thereby enable further access of renewable producers to the network.

- **Investment on increasing production and uptake of sustainable biogas and biomethane**. The purpose of this measure is to boost the uptake of sustainable biogas and sustainable biomethane in line with the Renewable Energy Directive ('RED II')[65] and to accelerate the integration of renewable energy sources. The investment consists of sub-investments on creating necessary regulatory, organisational and financial conditions to increase the use of sustainable biogas and sustainable biomethane and second sub-investment on building production facilities.

REPowerEU chapter: France

The French REPowerEU chapter consists of three new reforms, three new investments, and one scaled-up investment amounting to an estimated cost of EUR 2.82 billion. 91.2 percent of the estimated costs of the chapter is allocated to cross-border investments and 91.6 percent of the estimated costs are climate tagged. The following list summarizes the reforms and investments in the chapter:

- **As part of the French REPowerEU chapter,** a reform will be implemented concerning the acceleration of renewable energy production, in order to simplify permitting procedures and speed up the planification of renewable energy projects. This is done by addressing bottlenecks that currently hinder the deployment of renewable energy.
- **Reform on 'energy sobriety'**: which aims to achieve a 10% reduction in energy consumption across all sectors by the year 2024, as compared to the winter period of 2018-2019. The reform consists of proposals for actions to promote energy reductions across multiple sectors, including housing, transportation, and industry.
- **Reform on the establishment of a General Secretariat for Ecological Planning**: The primary objective of the General Secretariat will be to facilitate the coordination of national strategies pertaining to ecological transition. This will involve mobilising various Ministries and stakeholders, as well as evaluating the effectiveness of implemented actions in those fields.
- **Investment in the decarbonisation of industry.** The measure aims to support investments in decarbonising industrial heat, energy efficiency and process change investments in industry to reduce fossil energy consumption and therefore mitigate greenhouse gas emissions.
- **Investment in the production and uptake of renewable and fossil-free hydrogen** through the financing of four IPCEI projects on hydrogen. The objective of this measure is to enhance the industrial sector by considering ecological, technological, and economic aspects, while simultaneously minimising emissions and improving energy storage capabilities for industries.
- **Investment in energy renovations of public buildings** and **a scaled-up measure on energy renovation of private housing**. The primary objective is to provide financial

[65] Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources

assistance for the energy renovations of public and private buildings, resulting in a reduction in energy consumption within the building sector in the short run, as well as a decrease in the reliance on fossil fuels.

REPowerEU chapter: Malta

The Maltese REPowerEU chapter consists of one reform and one investment amounting to an estimated cost of EUR 70 million. 100 percent of the estimated costs of the chapter is allocated to cross-border investments and 100 percent of the estimated costs are climate tagged.

- **Reform of existing permitting systems.** It aims at accelerating permit-granting procedures for renewable energy projects and introduce an obligation to install rooftop solar panels on new buildings. The new reform complements component one and two of Malta's RRP which focus on improving the energy efficiency in buildings and transport and partially on increased production of renewable energy.
- **Investment into the electricity grid**. The primary objective is to strengthen and widen the electricity distribution network through investments in the grid, distribution services, and battery storage.

REPowerEU chapter: Slovakia

The Slovak REPowerEU chapter consists of six new reforms, six new investments, and two scaled-up investments amounting to an estimated cost of EUR 402.7 million. 91.2 percent of the estimated costs of the chapter is allocated to cross-border investments and 64.1 percent of the estimated costs are climate tagged. The following list summarizes the reforms and investments under the 4 thematic areas of the chapter which are accompanied by an investment providing targeted communication and coordination for the implementation:

- **Renewables, grids and permitting processes:** Sub-measures in this area focus on optimising procedures for issuing environmental permitting, improving the use of geothermal energy, and supporting the deployment of heat pumps. Furthermore, the assessment of the trajectories for sustainable use and supply of biomass and developing and promoting the production of bio-methane are supported. "Go-to" areas for wind energy will be established, together with an action plan for the national hydrogen strategy and measures fostering the integration of renewables in the electricity grid. Investments are directed towards the modernization and digitalisation of the electricity distribution systems, including the rollout of an Energy Data Centre.
- **Energy efficiency in buildings:** Includes the creation of a single digital data platform to collect information on the energy performance of all public and private buildings and a reform to improve energy management of state government buildings. The investments will result in energy savings of public buildings and households at risk of energy poverty and will include assistance to vulnerable groups in defining the right set of measures and processing a grant application.

- **Sustainable transport:** This area scales up existing measures of the Slovak RRP to further develop zero emission transport infrastructure and promote environmentally friendly passenger transport.
- **Green Skills:** The underlying reform and investment support the development of an updated curriculum for vocational education schools and a new training programme for teaching staff. The measures further support an accredited education programme for adult education with a focus on green skills and the provision of physical and technical equipment.

4.2. Financing of REPowerEU

While initial RRPs were funded solely from borrowing under NGEU, REPowerEU chapters can be funded from a variety of sources. With the entry into force of the amended RRF Regulation (EU) 2021/241, any modified RRP with a REPowerEU chapter can request additional financial support in the form of resources from the Emissions Trading System ('ETS'), transfers from the Brexit Adjustment Reserve ('BAR') and structural funds, and/or loans. Furthermore, following the recalculation of Member States' allocations pursuant to Article 18, some Member States saw their non-repayable financial support increase and these can also contribute to the funding of their REPowerEU chapters. The additional financial support related to the REPowerEU chapter will be disbursed together with the rest of the RRF financial contribution and, where applicable, the loan support according to a common instalment schedule.

Overall, the REPowerEU chapters will be financed by EUR 20 billion from auctioning ETS allowances and EUR 2.1 billion from transfers from the BAR. On top of that, as mentioned in section 2.3., additional RRF non-repayable support under Article 18 of the RRF Regulation and additional RRF loans under Article 14 may also fund measures in the REPowerEU chapters.

Revenues from auctioning ETS allowances

In line with Article 21a of the amended RRF Regulation, EUR 20 billion are being made available as additional non-repayable financial support under the RRF. This externally assigned revenue contributes to increasing the resilience of the Union's energy system through reducing the dependence on fossil fuels and helping to diversify energy supplies at Union level. It can exclusively be used to fund measures included in the REPowerEU chapters and with the clear exception of reforms and investments that are aimed at improving energy infrastructure and facilities to meet immediate security of supply needs for gas and oil.

The additional EUR 20 billion will be raised by auctioning allowances under the Emissions Trading System (ETS), according to the following distribution:

- 60% (i.e. EUR 12 billion) will come from auctioning allowances under the Innovation Fund; and

- 40% (i.e. EUR 8 billion) will come from the frontloaded sale of Member States' ETS allowances.

The auctioning of the ETS allowances started on Monday 3 July 2023. By 1 September 2023, EUR 931 million had been raised, by auctioning 5.88 million allowances from the Innovation Fund and 4.98 allowances from the Member States' ETS allowances. The repeated success of these issuances show that financial markets support the REPowerEU objectives and are willing to invest in REPowerEU projects. The pace and revenue of the auctioning is well on track to allow a smooth implementation and funding of the REPowerEU chapters.

The additional non-repayable financial support is distributed among Member States on the basis of an updated allocation key (Table 11). The key takes into account Member States' dependency on fossil fuel and the price increase of investment goods. This allows to better capture the consequences of Russia's military aggression against Ukraine and hereby allows the allocation of more funds to the most affected Member States.

Table 11: Additional non-repayable support available per Member State

	Amount of final net available non-repayable support (in EUR, current prices)
Belgium	281,716,188
Bulgaria	479,327,545
Czechia	680,543,170
Denmark	130,714,933
Germany	2,086,423,922
Estonia	83,297,553
Ireland	89,428,389
Greece	768,069,923
Spain	2,582,276,223
France	2,317,477,900
Croatia	269,037,883
Italy	2,755,867,236
Cyprus	52,408,822
Latvia	123,797,035
Lithuania	193,729,642
Luxembourg	29,955,009
Hungary	700,513,718
Malta	29,955,027
Netherlands	454,359,575
Austria	210,304,520
Poland	2,755,862,361
Portugal	703,364,724
Romania	1,397,228,597
Slovenia	116,734,327
Slovakia	366,409,448
Finland	112,766,671
Sweden	198,429,659
EU27	19,970,000,000

Source: European Commission

Transferred resources from cohesion policy funds and the Brexit Adjustment Reserve ('BAR')

As part of the existing possibilities under the RRF Regulation and the Common Provision Regulation, Member States can transfer up to 5% of their initial allocation under cohesion policy funds to the RRF. As of 1 September, the Commission has not received any such transfer request. In addition, Member States, under the REPowerEU Regulation, may use up to 7.5 % of their initial national allocation under the European Regional Development Fund, the European Social Fund Plus and the Cohesion Fund to support the REPowerEU objectives, in line with Fund-specific rules.

In addition to that possibility, Member States can voluntarily transfer all or part of their provisional allocation under the BAR to the RRF to finance the investments and reforms included in the REPowerEU chapter. By 1 March 2023, all Member States have notified the Commission of their intention to transfer BAR funds to the RRF. These funds are transferred to the RRF and committed once the CID approving the revised RRP with a REPowerEU chapter is adopted. Table 12 provides the total amounts transferred from the BAR to the RRF for each Member State.

Table 12: Transfer of allocation under BAR

	Total amount transferred (in EUR, current prices)
Belgium	228,850,088
Bulgaria	6,000,000
Czechia	54,918,029
Denmark	66,026,588
Germany	219,739,187
Estonia	6,615,616
Ireland	150,000,000
Greece	25,600,000
Spain	58,000,000
France	504,000,000
Croatia	7,190,532
Italy	0
Cyprus	52,056,350
Latvia	10,946,343
Lithuania	4,700,000
Luxembourg	128,475,124
Hungary	0
Malta	40,000,000
Netherlands	280,000,000
Austria	0
Poland	0
Portugal	81,358,359
Romania	43,162,623
Slovenia	5,257,380
Slovakia	36,307,747
Finland	14,242,037
Sweden	66,000,000
EU27	2,089,446,003

Source: European Commission

5. Conclusion

The RRF was established during the COVID-19 crisis but has evolved in a changing geopolitical context that has impacted the Union's society and economy. Global instability, supply chain disruptions, the energy crisis and inflation are putting a strain on national authorities, making the implementation of RRPs more challenging in a constrained calendar. Yet, at the same time, they also make the successful and timely implementation of those plans even more crucial within the Facility's limited lifetime.

The revision of the plans and the addition of REPowerEU chapters is an opportunity to take into account the experience gained during the first years and speed up RRF implementation. The REPowerEU plan launched in May 2022 recognised that the RRF can play an important role in achieving secure, affordable and clean energy. By providing additional EU funding and enabling the revisions of RRPs and the inclusion of REPowerEU chapters, the RRF helps Member States make the critical reforms and investment needed to rapidly strengthen their energy resilience. At the same time, they are an opportunity for Member States to remove bottlenecks and obstacles to implementation.

Two and a half years after the establishment of the RRF, Member States continue to deliver on their reform and investment commitments as the implementation of the RRF progresses. The Commission encourages Member States to continue the swift implementation of their RRPs and submission of payment requests.

As the Facility enters into the second half of its lifetime, the Commission working in concert with the Member States and all key partners, will maintain its focus on the implementation of the RRPs. The Commission will encourage and help Member States' best efforts to fully use the opportunities provided by the RRF to swiftly deliver the investments and reforms addressing the key challenges of our time to further the resilience of the European Union and ensure a future-proof recovery after the COVID-19 pandemic.