European Commission

NEXT GEN EU

MID-TERM EVALUATION OF THE RECOVERY AND RESILIENCE FACILITY

STRENGTHENING THE EU THROUGH AMBITIOUS REFORMS AND INVESTMENTS

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Designed as a response to the economic and social fall-out from the COVID-19 pandemic and established in February 2021, the RRF is the centrepiece of NextGenerationEU (NGEU), the EU's recovery instrument. Set to last until end 2026, the RRF is unprecedented both in scale and ambition.

The Recovery and Resilience Facility (RRF) is an innovative instrument, with its performance-based nature and its focus on both key reforms and investments. Member States submit Recovery and Resilience Plans (RRPs), with their envisaged reforms and investments agenda. Like in a contract, the EU institutions agree to these commitments and funds will be disbursed when the commitments are satisfactorily fulfilled. Since the beginning of the RRF implementation, the Commission has closely engaged with the European Parliament and the Council. National parliaments have played a key role in voting the agreed reforms in the RRPs, thus ensuring the democratic accountability of the instrument.

KEY FACTS AND FIGURES

Member States are delivering on the reforms and investments with more than **1.150 milestones and targets** satisfactorily fulfilled.

Close to **EUR 225 billion** has already been disbursed to support Member States' economies.

Through **REPowerEU** and **new loan** requests, close to EUR 150 billion in additional financial support has been made available to Member States. The total financial envelope of the RRF is now close to EUR 650 billion.

The Commission has received **54 payment requests** from 24 Member States.

75% of milestones and targets planned to be achieved by end 2023 are either assessed by the Commission as fulfilled or reported by Member States as completed, reflecting significant implementation progress.

The Commission is **currently assessing 18 payment requests** which include more than 650 milestones and targets. This showcases that Member States are significantly accelerating the implementation of their RRPs.

1. THE RRF: PREVENTING THE COVID-19 CRISIS FROM TURNING INTO AN ECONOMIC CRISIS.

THE RRF EFFECTIVELY SUPPORTS THE ECONOMIC RECOVERY IN THE EU.

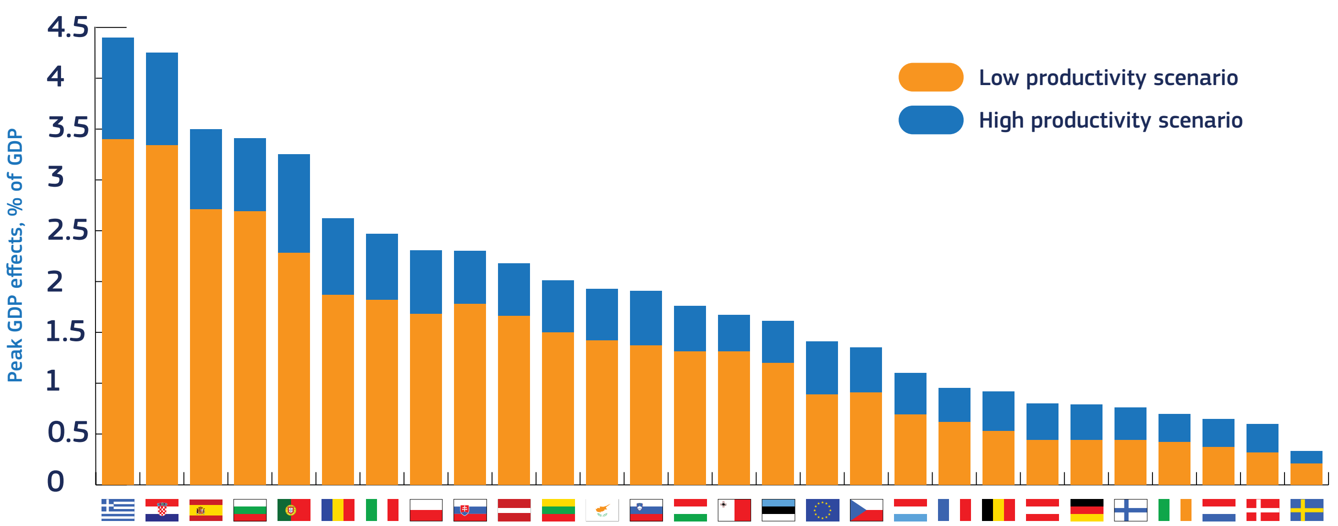
- The considerable narrowing of EU sovereign bond spreads following the historic agreement to issue common EU bonds to finance NGEU and the RRF further contributed to reducing fiscal pressure.
- The RRF provided fast and direct support to Member States by disbursing EUR 56.5 billion as pre-financing in 2021 and 2022, and an additional EUR 10.4 billion of pre-financing in 2023 and early 2024, upon the approval of the REPowerEU chapters.
- In contrast to previous crises, public investment in the EU was maintained and even increased in the aftermath of the COVID-19 pandemic and the energy crisis, from 3.0% in 2019 to an expected 3.3% in 2023.

Commission modelling suggests that NGEU as a whole has the potential to increase the level of EU real GDP by up to 1.4% in 2026 and EU employment by up to 0.8% in the short run, compared with an EU without NGEU.

GDP effects (in % of a no-NGEU scenario): Peak GDP effects, % of GDP

The RRF provided EU added value by enabling the simultaneous implementation of reforms and investments across the EU, which created additional impact. This simultaneous implementation:

- generates an added value for the EU that amounts to between one-fourth and one-third of the total impact of the RRF;
- supports upward economic convergence in the EU by spurring economic activity and cross-border trade for Member States with below-average GDP specifically;
- helped reduce unemployment by around 0.2 percentage points thanks to initial disbursements.



2. THE RRF PLAYED A DECISIVE ROLE IN PROTECTING AND STRENGTHENING THE SINGLE MARKET IN THE WAKE OF THE COVID-19 PANDEMIC.

The EU's Single Market is one of the EU's greatest achievements. By incentivising Member States to implement reforms to remove barriers to the Single Market, the RRF has been key in strengthening it.

TRANSPARENT AND COMPETITIVE PUBLIC PROCUREMENT

Transparent and competitive public procurement across the single market creates business opportunities and contributes to more efficient public administration, economic growth and job creation. Several Member States tackled this issue in their RRPs.

- A measure calling for the entry into force of a regulatory framework to improve the competition environment and reduce risks of corruption in public procurement was assessed as satisfactorily fulfilled under the first payment request submitted for the Latvian plan.

REGULATORY REQUIREMENTS FOR PROFESSIONAL SERVICES

Regulatory requirements for professional services can create disproportionate barriers in the single market. Several Member States tackled this issue in their RRP.

- **The Croatian plan** contains a reform to boost productivity in the Croatian economy through the continuation of the liberalisation of services markets. The reform includes the simplification or total removal of at least 50 regulatory requirements for professional services.

3. THE RRF SUPPORTS THE IMPLEMENTATION OF EU POLICIES

With its wide scope and large financial envelope, the RRF provides substantial funding to advance the implementation of common EU policies. The reforms and investments contained in RRPs must be in line with the EU priorities identified in the RRF Regulation and must address the national challenges identified in the European Semester for economic and employment policy coordination through country-specific recommendations (CSRs). Funds are only disbursed upon the delivery of progress towards these ambitious reforms and investments. Examples of EU policy priorities accelerated by the RRF:

ENERGY EFFICIENCY

Enhancing energy efficiency in buildings is an EU priority, in order to achieve the EU's climate and environmental goals, while reducing energy bills for households and businesses. Thanks to the RRF more than EUR 102 billion investment will be made in energy efficiency, together with ambitious reforms to tackle administrative barriers.

- **France invests EUR 1.9 billion through the RRF to support the energy renovation of social housing** and the "MaPrimeRenov'" subsidy scheme for private housing. Through the Plan, more than 1.5 million households will be supported (of which 750,000 have already received the subsidy) in their energy renovation works.

DIGITALISATION

The digitalisation of public administration will be significantly supported by the RRPs. The current EU objective, as set out in the Digital Decade policy programme and in the Digital Compass, is to ensure that by 2030 all key public services will be fully accessible online for everyone, including persons with disabilities. Key public services should comply with high security and privacy standards. Thanks to the RRF, more than EUR 48 billion are being invested in the digitalisation of public administration.

- **Greece is investing EUR 2.8 billion in the digital transformation of its public sector entities**. The reforms and investments are focused on the digitisation of archives and enhanced digital services, incorporating modern IT systems and increased interoperability between systems and data.

SOCIAL PROTECTION

The European Pillar of Social Rights Action Plan, published by the Commission in March 2021, inter alia sets out the way forward for strengthening and modernising social protection systems. It includes a headline target to reduce the number of people at risk of poverty or social exclusion. Thanks to the RRF, more than EUR 14.1 billion are being invested in social protection in complement of the amounts spent with other EU spending.

- **Poland will implement a reform and an investment to improve the labour market situation of parents, and in particular of women, by increasing access to and availability of high-quality childcare.** The reform is expected to introduce a framework for quality standards for childcare, including binding educational guidelines and standards of care services for children under three years of age, which will be accompanied by the implementation of an IT system to manage the financing and creation of childcare facilities and the creation of new places in childcare facilities.

4. THE RRF COMPLEMENTS OTHER EU FUNDING TO STRENGTHEN CROSS BORDER COOPERATION AND INFRASTRUCTURE

Given its wide scope, the RRF supports the implementation of cross-border and infrastructure projects. The RRF can support such projects hand-in-hand with other EU funds. The RRF and another EU fund can each finance different policy interventions in the same policy area, or different elements of the same investment. For example, while CEF focuses on the cross-border infrastructure, the RRF can focus on strengthening the domestic infrastructure linked to it.

- The Austrian RRP, for example, supports, with RRF funds, some additional sections of the construction and electrification of regional railway lines that already benefit from the Connecting Europe Facility.
- The Estonian RRP supports the development of the cross-border Rail Baltic project, connecting the three Baltic capitals and countries with the rest of the EU. This complements funding by the Connecting Europe Facility of Rail Baltic.

The RRF also contributed to the implementation of multi-country projects, notably supporting the green and digital transitions: with RRF support, a widened pool of Member States is participating in multi-country and cross-border projects.

- More than half of the RRPs include measures contributing to multi-country projects or cross-border initiatives related to the green transition, with the Important Projects of Common European Interest ('IPCEI') on hydrogen showing the highest uptake.

5. THE RRF STRENGTHENS MS'S ECONOMIC AND SOCIAL RESILIENCE AND HENCE THE STABILITY OF THE UNION

By design, the RRF is expected to strengthen economic convergence in the EU. With its allocation key, the RRF was designed to support lower-income and more vulnerable Member States, which had also been hit the hardest by the pandemic. The RRF's allocation of funding thus helps counteract the economic divergence, fostering economic stability and growth where it is most needed.

Based on the Commission's modelling, the increase in economic output in 2026 reaches up to 4.5% in Greece, more than 4% in Croatia, and around 3.5% in Spain and Bulgaria, compared with the EU average impact of 1.4%.

Numerous resilience-enhancing measures in the health sector have already been implemented and led to tangible results.

- For example, in line with its RRP, Spain has made progress in purchasing and installing new medical equipment.
- In Estonia, regulations expanding the list of healthcare services financed by the Estonian Health Insurance Fund entered into force on 1 April 2020 and 2021.

The digitalisation of healthcare is also included in many RRPs, and the use of e-consultations and digital tools has improved patient care and access to specialists in some Member States, thereby positively impacting the national healthcare systems.

- For example, Croatia has already procured and deployed medical and computer equipment to 40 primary healthcare locations in remote and rural areas, via the Telecordis project. The equipment installation has resulted in 356 telemedicine services provided, allowing for the reading and interpretation of diagnostic results. The project has also resulted in improved access to diagnostic services, quicker diagnosis, and enhanced healthcare quality in rural areas.