The economic, employment, social and environmental impacts of the RRF
State of play on implementation

26 plans submitted to the Commission
25 plans approved by the Commission
24 CID adopted by the Council
21 pre-financing disbursed (EUR 56.6 bn grants and loans)
12 Operational Arrangements signed
9 payment requests submitted to the Commission
5 payments disbursed (EUR 43.16 bn)

* No pre-financing requested.
No pre-financing requested, the CID was adopted by 31 December 2021. It is not possible to receive pre-financing anymore.
### Payment requests ongoing

<table>
<thead>
<tr>
<th>Member State</th>
<th>Requested amount (grants and/or loans)</th>
<th>Reforms and/or investments</th>
<th>Number of milestones and/or targets</th>
<th>Submission date</th>
<th>Status quo</th>
<th>Disbursement date</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR</td>
<td>EUR 700 mn (grants)</td>
<td>Reforms and investments</td>
<td>34 milestones and/or targets</td>
<td>15 March</td>
<td>RRF comitology committee has to provide opinion</td>
<td></td>
</tr>
<tr>
<td>SK</td>
<td>EUR 398.7 mn (grants)</td>
<td>Reforms and investments</td>
<td>14 milestones</td>
<td>29 April</td>
<td>COM preliminary assessment ongoing</td>
<td></td>
</tr>
<tr>
<td>ES (2nd payment request)</td>
<td>EUR 12 bn (grants)</td>
<td>Reforms and investments</td>
<td>40 milestones and/or targets</td>
<td>30 April</td>
<td>COM preliminary assessment ongoing</td>
<td></td>
</tr>
<tr>
<td>RO</td>
<td>EUR 2.944 bn (grants and loans)</td>
<td>Reforms and investments</td>
<td>21 milestones and/or targets</td>
<td>31 May</td>
<td>COM preliminary assessment ongoing</td>
<td></td>
</tr>
</tbody>
</table>
Impact of the RRF: Economic perspective

The Recovery and Resilience Facility (RRF) will continue to provide support to the economy, 0.2% of GDP in 2022 and 0.5% of GDP in the EU as a whole.

- Member States are projected to benefit increasingly from the available grants
- The roll-out of the RRF is set to contribute positively to the fiscal stance of Member States.

Member States deliver on the milestones and targets, including on structural reforms. Examples:

- Spain: modernisation of the institutional architecture of economic governance
- Greece: simplification of the tax legislation
- France: reform of the governance of public finances
- Italy: reform of the civil and criminal justice
- Portugal: digitalisation of the public administration
Recovery and Resilience Facility continues to support economies

Source: Commission 2022 spring forecast
Expected growth effects of joint action at EU level

7 Source "Quantifying Spillovers of Next Generation EU Investment, Discussion Paper July 2021."
Impact of the RRF: Business support and SME dimension

Overview
- SMEs related measure in all 22 plans approved in 2021
- Direct support to SMEs, an estimated €44 billion
- Potentially up to €109 billion (24% of RRF expenditure)

Examples of reforms
- Improve the business environment and reduce red tape;
- Reform insolvency procedures and access to finance;
- Promote private investment, venture capital, and other innovative forms of financing

Implementation
- Most of the investments will be deployed through call for projects
- Different types of support: in-kind, grants, financial instruments, tax incentives
- Several milestones and targets identify SMEs as final beneficiaries

Examples of Investments
- Basic and advanced digitalisation of SMEs
- Support the green transition of SMEs (renovation, decarbonisation, circular economy)
- Internationalisation
- Skills (entrepreneurships, management)
## Impact of the RRF: Gender-related aspects

<table>
<thead>
<tr>
<th>Measures from national RRPs to enhance gender equality and equal opportunities for all</th>
<th>Measures related to other policy areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural measures on employment</strong></td>
<td><strong>Investments to improve women’s financial literacy (CY)</strong></td>
</tr>
<tr>
<td>• Reforms to reduce the pension gender gap (AT)</td>
<td>• Measures to strengthen the health and long-term care systems and to improve the quality and delivery of formal and informal care, reducing care responsibilities that are often taken up by women in the households (AT, CZ, EE, IT, LT, SI, ES, SE)</td>
</tr>
<tr>
<td>• Reforms to improve work-life balance and working conditions (HR, SI)</td>
<td>• Measures to support specifically socially disadvantaged pregnant women (AT)</td>
</tr>
<tr>
<td>• Reforms to set up active labour market policies for women (ES)</td>
<td>• Measures to improve access to finance for women entrepreneurs and to support start-ups owned by women (IT)</td>
</tr>
<tr>
<td>• Investments to incentivise participation of women in the labour market (IT)</td>
<td>• Measures to improve girls’ and women’s digital skills as well as equal representation in STEM and ICT (PT)</td>
</tr>
<tr>
<td>• Investments to improve working conditions predominantly occupied by women, such as nursing (AT, SE)</td>
<td></td>
</tr>
<tr>
<td>• Investments to increase access to early childhood education and care (DE, BE, ES)</td>
<td><strong>Gender-disaggregated data</strong> in Scoreboard: This will create transparency and accountability. The development of reporting tools at EU and Member State level will help to monitor the implementation of the RRF and ensure that it contributes to making the EU and the recovery more inclusive, including by ensuring that various reported data are disaggregated by gender.</td>
</tr>
</tbody>
</table>

- Many RRPs contain measures focusing on the participation of women in the labour market and the reduction of the gender pay gap.
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 total climate expenditure in the adopted plans amounts to EUR 183 billion, about 40% of the total 24 plans’ allocation. In addition, every individual measure must comply with the ‘do no significant harm principle’.

- Member States have started delivering on key measures towards the green transition (76 milestones and targets linked to Pillar 1 are already fulfilled).
  
  - Spain: Reform to set up an enabling framework for the integration of renewables into the energy system
  - Greece: framework for the installation and operation of EV charging infrastructure
  - Italy: new legislation to promote renewable gas production and consumption
  - France: investments to support energy renovation and major rehabilitation of social housing
The REPowerEU proposal
RRF at the core of the REPowerEU Plan

**Diversify energy imports**
- Setting up of EU’s Energy Purchase Platform (on 5 May)
- Joint and coordinated purchases on behalf of participating Member States

**Accelerate permitting**
- Measures to accelerate and simplify permitting procedures

**Speed up green transition**
- Measures to boost renewables
- Up- and re-skilling of workforce needed for green transition

**Save energy**
- Measures on energy saving for transport, industry and private households

**RRF as a delivery tool:**
Addendum to top-up existing RRPs with REPowerEU chapter

**REPowerEU Plan (18 May):**
Joint European action for more affordable, secure and sustainable energy
Financing aspects of the REPowerEU Plan

- **RRF loans**
  - EUR 300 billion
  - EUR 225 bn

- **Market Stability Reserve**
  - EUR 20 bn

- **Innovation Fund**
  - EUR 3 bn

- **Cohesion**
  - EUR 45 bn

- **Rural development**
  - EUR 7.5 bn

- **EUR 300 billion**
Types of measures that can be funded

Reforms and investments, contributing to the REPowerEU objectives by:

- Improving energy infrastructure and facilities to meet immediate security of supply needs,
- Boosting energy efficiency in buildings, decarbonising industry, increasing production and uptake of sustainable biomethane and renewable or fossil-free hydrogen and increasing the share of renewable energy,
- Addressing internal and cross-border energy transmission bottlenecks and supporting zero emission transport and its infrastructure, including railways,
- Supporting the objectives in above points through an accelerated requalification of the workforce towards green skills, as well as support of the value chains in key materials and technologies linked to the green transition.

REPowerEU investment needs to reduce dependency on Russian gas (2022-2030)*

<table>
<thead>
<tr>
<th>Category</th>
<th>EUR billion</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New LNG infrastructure and pipeline corridors</td>
<td>10</td>
<td>3.3%</td>
</tr>
<tr>
<td>PV and wind</td>
<td>86</td>
<td>28.7%</td>
</tr>
<tr>
<td>Energy efficiency and heat pumps</td>
<td>56</td>
<td>18.7%</td>
</tr>
<tr>
<td>Reduced use of gas in industry</td>
<td>41</td>
<td>13.7%</td>
</tr>
<tr>
<td>Power grid and storage</td>
<td>39</td>
<td>13.0%</td>
</tr>
<tr>
<td>Sustainable biomethane</td>
<td>37</td>
<td>12.3%</td>
</tr>
<tr>
<td>Renewable hydrogen</td>
<td>27</td>
<td>9.0%</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>300</strong></td>
<td></td>
</tr>
</tbody>
</table>

- DNSH principle applies to all measures under the RRF, including REPowerEU measures.
- One exemption envisaged: Derogation will be possible to address the EU’s immediate energy security needs.
- Only for oil and gas infrastructure and facilities (to reduce dependency from fossil fuels).
- The derogation from DNSH applies only to measures “improving energy infrastructure and facilities to meet immediate security of supply needs for oil and gas, notably to enable diversification of supply in the interest of the Union as a whole” (Article 21c(1)(a) of the REPowerEU Regulation).

*These investment needs are additional to those related to the implementation of the Fit-for-55 package. An additional EUR 1.5-2bn will be required to ensure security of oil supply.

**Source**: COMMISSION STAFF WORKING DOCUMENT, IMPLEMENTING THE REPOWER EU ACTION PLAN: INVESTMENT NEEDS, HYDROGEN ACCELERATOR AND ACHIEVING THE BIO-METHANE TARGETS, May 18 2022.
• **Urgency to act** and mobilise funds to finance REPowerEU objectives → COM proposes to use EUR 20 billion of revenues from auctioning ETS allowances held in the Market Stability Reserve.

• Auctioning would take place according to a schedule until 2026 → to avoid any disruptions on the ETS market.

In order to reach EUR 20 billion of revenues, ~250 million of allowances would be exceptionally released from the Market Stability Reserve, spread over 4 years:

- Timely and predictable sale of ~63 million allowances per year.
- Makes up for only around 10% of total when compared to ~600 million allowances auctioned per year.
- This way forward with the auction calendar each year will avoid negative impacts on the market.
Voluntary transfer of funds under REPowerEU

The Commission proposes to allow voluntary transfers:

- An increase (from 5% up to 12.5%) for the funds under the Common Provision Regulation;
- Up to 12.5% of the allocation under the European Agricultural Fund for Rural Development;

Added value of transfers:

- Faster implementation and disbursement
- Financing of measures eligible only under the RRF (immediate security of supply)
- Maximisation of impacts with the combination of reforms

It will be voluntary for Member States to transfer funds. 2022 is the year where Member States finalise their Partnership Agreements and Operational Programmes, hence transfers can be integrated from the very beginning in the implementation phase, avoiding any disruption.

The consultation process on REPowerEU measures has been strengthened, to take into account views from local authorities, social partners, or other stakeholders.
Way forward on REPowerEU

18 May
Commission adopts REPowerEU package

23 May
Commission adopts Semester Spring Package

as of June
Dialogue between Commission and Member States to discuss identification of REPowerEU measures and financing options

30 June
• Grant allocation (only the 30% variable part of grant envelope) will be recalculated on the basis of actual outturn data from Eurostat
• Initial calculation was an estimate based on the Commission Autumn 2020 forecast

In the course of autumn
• Member States submit their modified RRP to cater for changes of grant allocation and REPowerEU chapter at the same time (after entry into force of the new Regulation)
• Amended RRP shall include REPowerEU chapter with additional reforms and investments addressing 2022 CSRs
• Member States communicate their intentions for taking up remaining loans under RRF

URGENCY TO MOVE FORWARD QUICKLY!
→ Speed up delivery of REPowerEU measures to reduce dependency quickly from Russia
→ Ensure that Member States can submit very quickly revised RRP including REPowerEU Chapters; avoiding a two steps approach of revising the RRP