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# RECOVERY AND RESILIENCE FACILITY

**RRF Working Group**

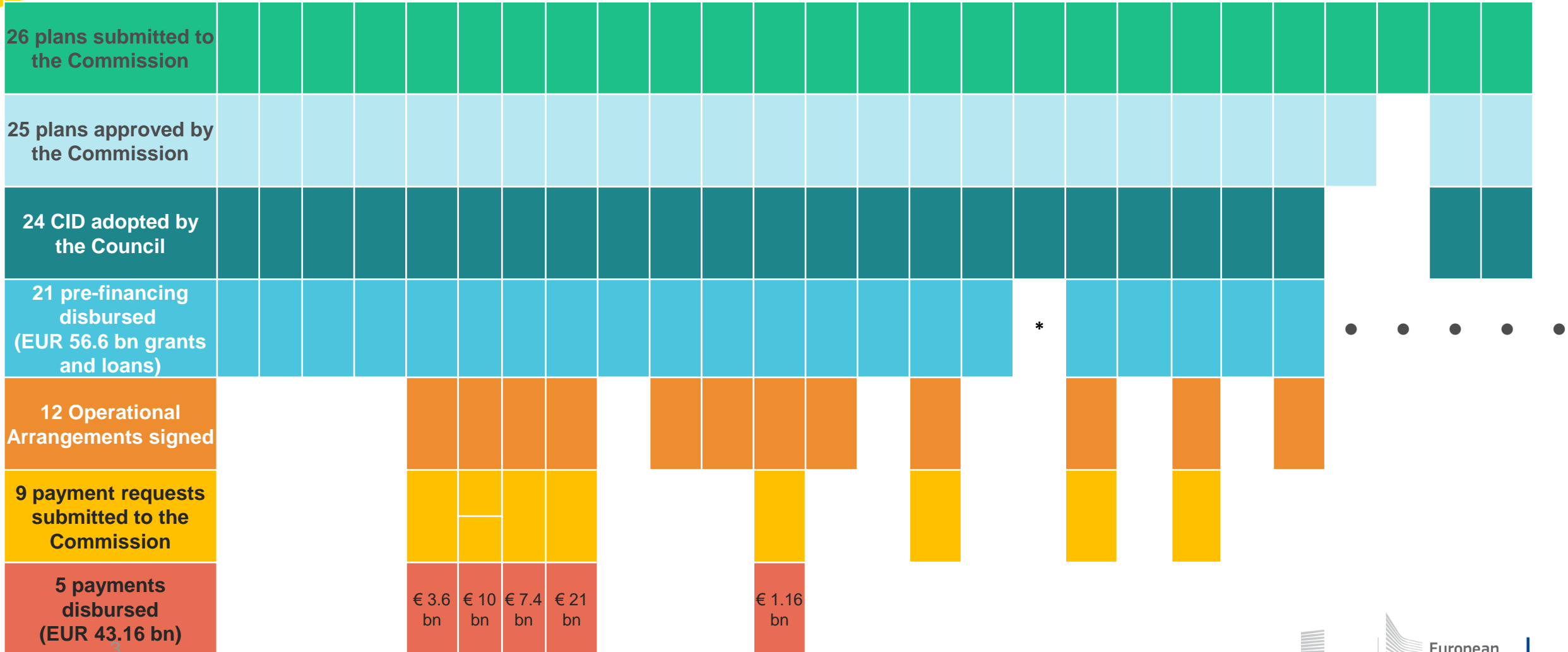
16 June 2022

# The economic, employment, social and environmental impacts of the RRF

# State of play on implementation



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



\* No pre-financing requested.

● Prerequisite to request pre-financing: the CID was adopted by 31 December 2021. It is not possible to receive pre-financing anymore.

# Payment requests ongoing



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

# 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.



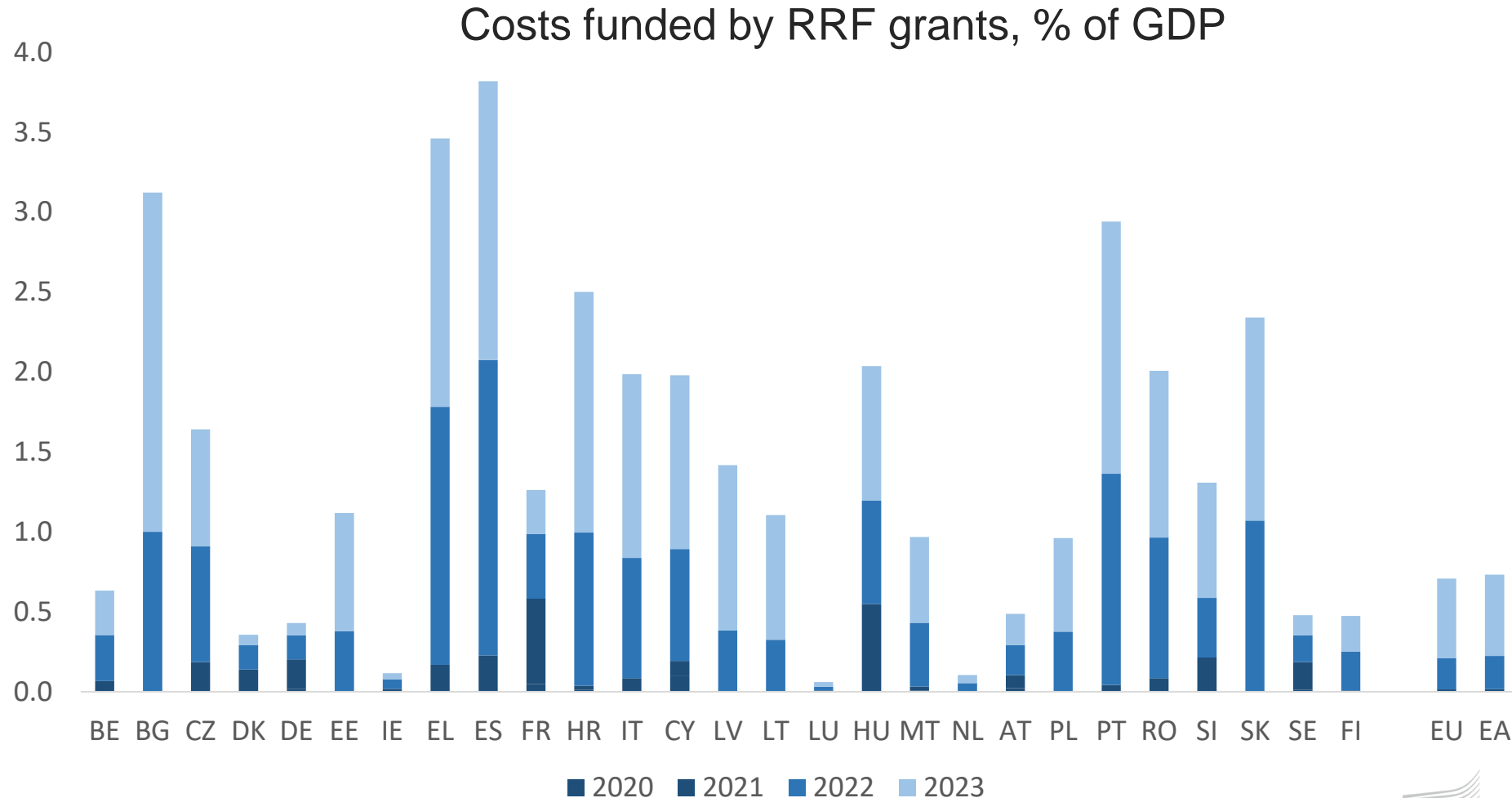
- Member States are projected to **benefit increasingly from the available grants**
- The roll-out of the RRF is set to **contribute positively to the fiscal stance** of Member States.



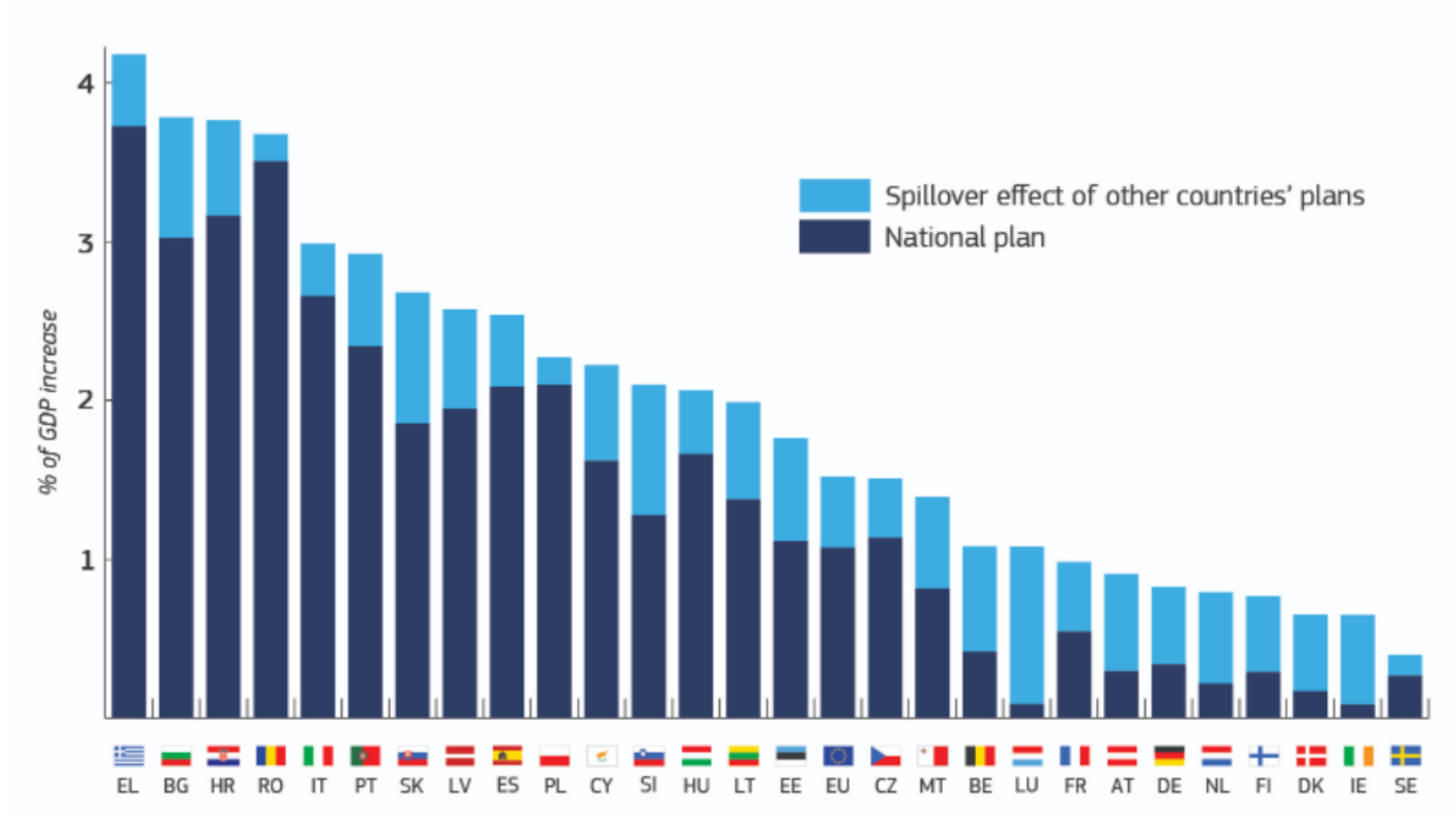
Member States deliver on the milestones and targets, including on **structural reforms**. Examples:

- 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



# Expected growth effects of joint action at EU level



<sup>7</sup> 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

## Measures from national RRFs to enhance gender equality and equal opportunities for all

### Structural measures on employment

- Reforms to reduce the pension gender gap (AT)
- Reforms to improve work-life balance and working conditions (HR, SI)
- Reforms to set up active labour market policies for women (ES)
- Investments to incentivise participation of women in the labour market (IT)
- Measures to improve working conditions predominantly occupied by women, such as nursing (AT, SE)
- Investments to increase access to early childhood education and care (DE, BE, ES)

### Measures related to other policy areas

- Investments to improve women's financial literacy (CY)
- 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)
- Measures to support specifically socially disadvantaged pregnant women (AT)
- Measures to improve access to finance for women entrepreneurs and to support start-ups owned by women (IT)
- Measures to improve girls' and women's digital skills as well as equal representation in STEM and ICT (PT)

- Many RRFs contain measures focusing on the **participation of women in the labour market** and the reduction of the gender pay gap.
- **Gender-disaggregated data** 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.



# Impact of the RRF: Environmental aspects



37%  
climate  
target

DNSH  
principle

- 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

## RRF as a delivery tool:

Addendum to top-up existing RRFs with REPowerEU chapter

## Speed up green transition

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

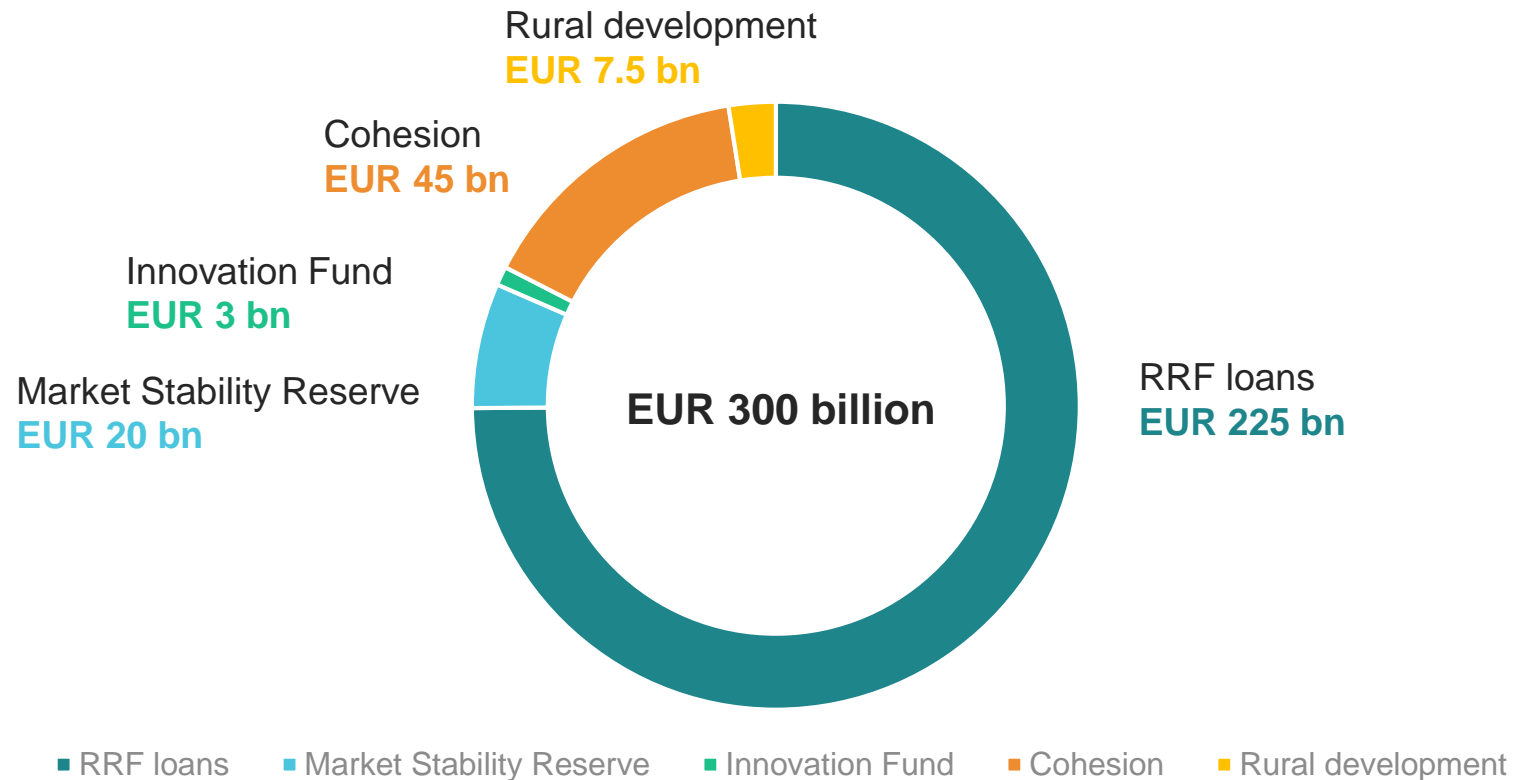
## Save energy

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

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



# Financing aspects of the REPowerEU Plan



# 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)\*

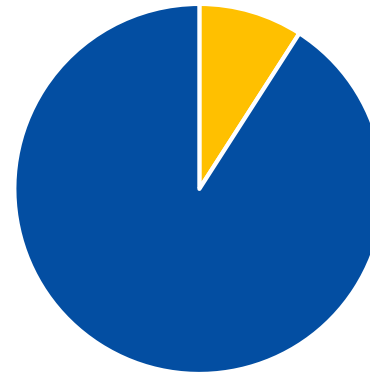
	EUR billion	% of total
<b>New LNG infrastructure and pipeline corridors</b>	10	3,3%
<b>PV and wind</b>	86	28,7%
<b>Energy efficiency and heat pumps</b>	56	18,7%
<b>Reduced use of gas in industry (incl. electrification/energy efficiency/fuel substitution)</b>	41	13,7%
<b>Power grid and storage</b>	39	13,0%
<b>Sustainable biomethane</b>	37	12,3%
<b>Renewable hydrogen</b>	27	9,0%
<b>Other</b>	4	1,3%
<b>TOTAL</b>	<b>300</b>	

- 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).



# Allowances from Emissions Trading System

- **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.



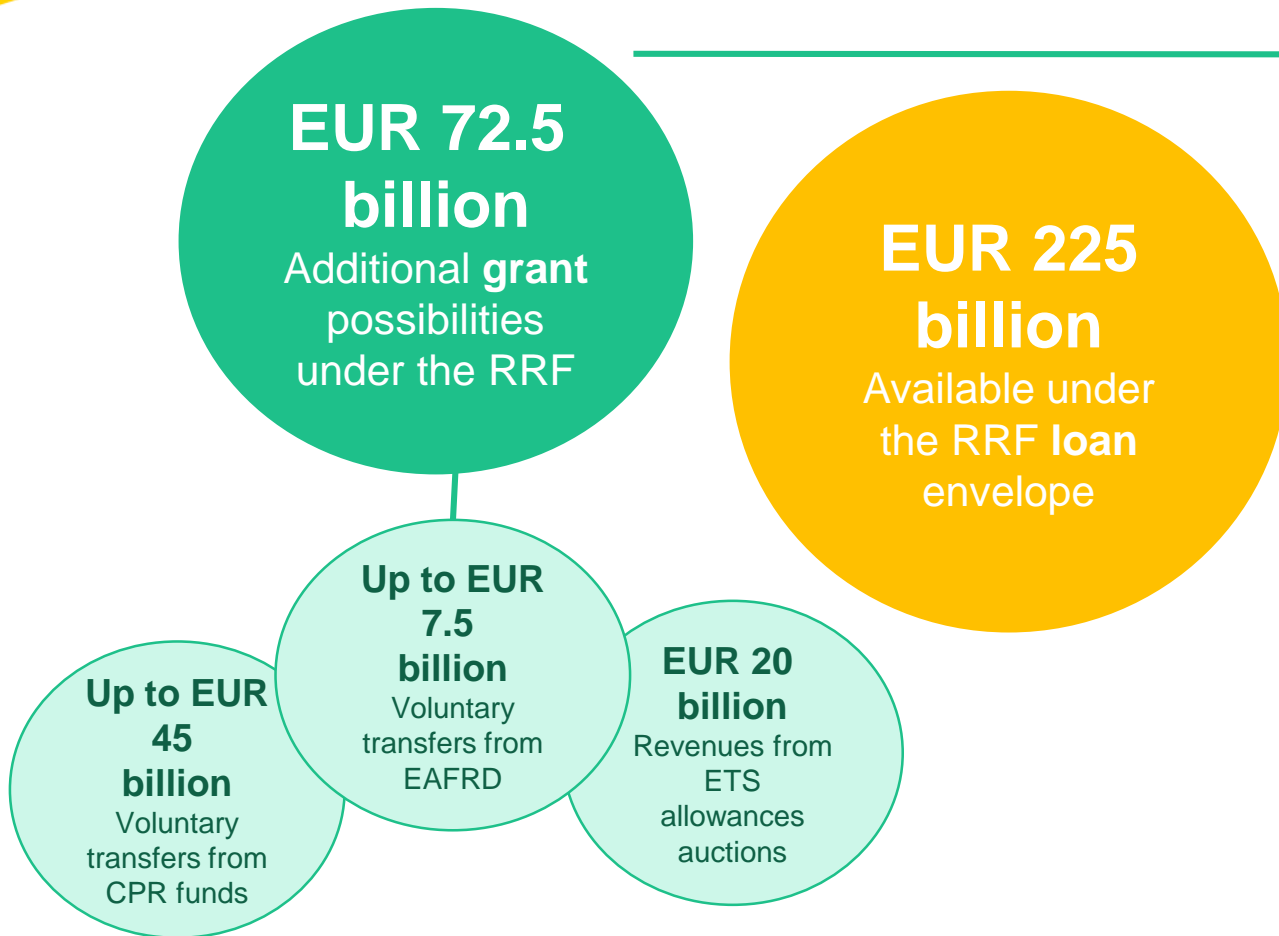
Allowances to be included in auction calendar each year  
~63 million allowances

Allowances auctioned each year  
~600 million allowances

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:

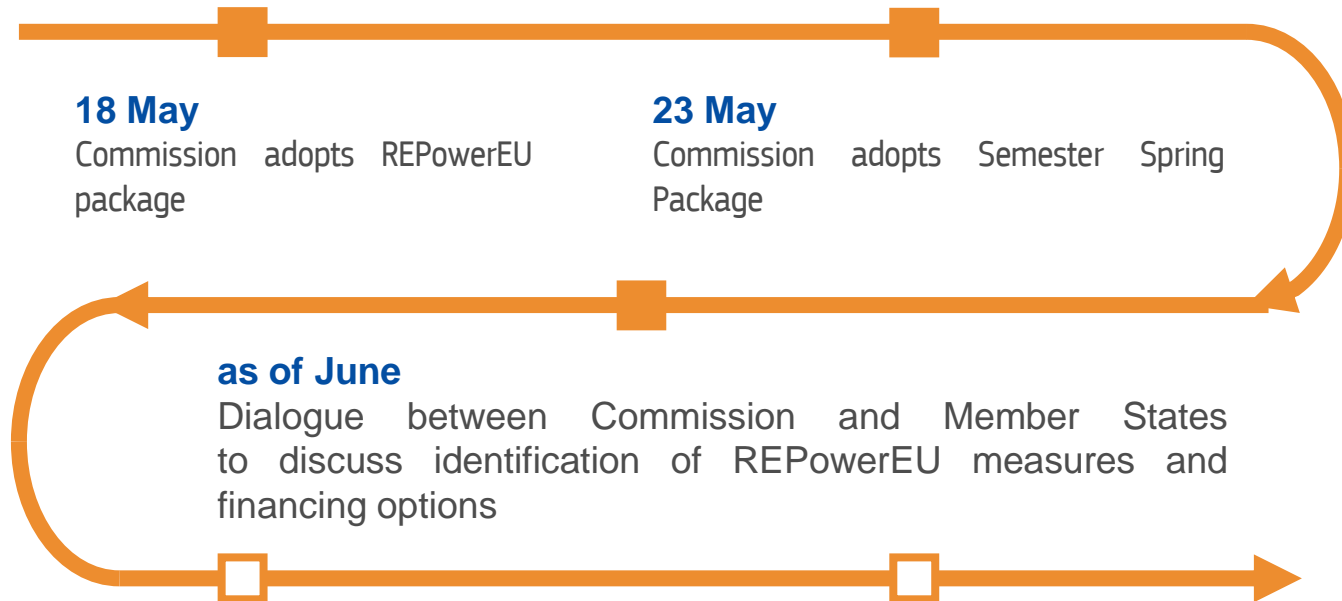
- faster implementation and disbursement
- Financing of measures eligible only under the RRF (immediate security of supply)
- Maximisation of impacts with the combination of reforms

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**s to cater for **changes of grant allocation** and REPowerEU chapter at the same time (after entry into force of the new Regulation)
- Amended RRP>s 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>s including REPowerEU Chapters; avoiding a two steps approach of revising the RRP>s