Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the fourth payment request for loans submitted by Greece on 17 April 2024, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 17 April 2024, Greece submitted a request for payment for the fourth instalment of the loan support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Greece provided due justification of the satisfactory fulfilment of the one target of the fourth instalment of the loan support, as set out in Section 3.2(2.4) of the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Greece.

In its payment request, Greece has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant target. Based on the information provided by Greece, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of the target.

The target positively assessed as part of this payment request demonstrates a significant step in the implementation of Greece’s Recovery and Resilience Plan. The target requires that an aggregate of EUR 4.5 billion of RRF loans are signed by financial institutions with companies to support private investment related to areas such as the green transition, the digital transition, increasing export capacity, and research, development and innovation.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant target.

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1 ST 10152 2021 INIT and ST 10152 2021 ADD 1, as amended by 15831/1/23 REV 1 and 15831/23, ADD 1 REV 1, not yet published.
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**Name of the Target:** EUR 4518.4 million of financial institutions funds signed with final beneficiaries

**Quantitative Indicator:** Amount (EUR) of funds signed  
| Baseline: 3518.4 | Target: 4518.4 | Time: Q2 2024 |

**Context:**

The objective of this investment is to use the loan support under the Recovery and Resilience Facility to facilitate the provision of financial incentives to the private sector and promote private investments. The Loan Facility makes use of different distribution channels, among which on-lending through international financial institutions and commercial banks (EUR 16728 million).

Target #325a refers to the on-lending distribution channel and consists of the signature of contracts between financial institutions and final beneficiaries amounting to EUR 4518.4 million (including management fees) of Loan Facility funds.

Target #325a is the seventh milestone or target of the investment and it follows the completion of target #324 (due in Q4 2022) that was part of the second payment request, and of target #325 (due in Q4 2023) that was part of the third payment request. It will be followed by: (i) target #326 concerning the signature with final beneficiaries of EUR 8364 million of financial institutions funds (due in Q4 2024); (ii) target #326a concerning the signature with final beneficiaries of EUR 10873.2 million of financial institutions funds (due in Q2 2025); (iii) target #327 concerning the signature with final beneficiaries of EUR 13382.4 million of financial institutions funds (due in Q4 2025); (iv) target #328 concerning the signature with final beneficiaries of EUR 16728 million of financial institutions funds (due in Q2 2026); (v) milestone #328a concerning the transfer of EUR 16728 million to International Financial Institutions and commercial banks (due in Q2 2026).

The investment has a final expected date for implementation on 30 June 2026.

**Evidence Provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled.

ii. Report by the Ministry of Finance (protocol number 50131 ΕΞ 2024 of 16.04.2024) including the following information on the target completion:

   - disbursement schedule of the tranches and the allocation of funds;
   - information on investment costs contributions;
   - key measurable objectives such as number and volume of signed loan contracts (including information on the Loan Facility strategic pillars) and projects’ progress;
   - Key Performance Indicators (KPIs) on loan values, deferred loan service payments, loans’ performance, and interest paid.

The authorities also provided:
• Reports submitted by eight financial institutions on the target completion.

Analysis:

The justification and substantiating evidence provided by the Greek authorities covers all constitutive elements of the target. In line with the requirements of the Council Implementing Decision:

EUR 4518.4 million (including management fees) of RRF loan facility funds related to International Financial Institutions and commercial banks have been signed with the final beneficiaries in accordance with the mandate defined in the milestone and following ex-ante verification by independent auditors of compliance with governance, selection, monitoring and audit and loss-sharing criteria, the Do No Significant Harm Technical Guidance (2021/C58/01) and the contribution to the 38.5% climate target and 20.8% digital target.

i. Funds have been signed with final beneficiaries: Overall, since the establishment of the facility, EUR 4718.8 million (including management fees) of Loan Facility funds have been signed between eight financial institutions - European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), National Bank of Greece, Piraeus Bank, Alpha Bank, Eurobank, Optima Bank, Pancreta Bank - and final beneficiaries. This amount exceeds the target required by the Council Implementing Decision (EUR 4518.4 million). The amount concerns 275 loan contracts in the following Loan Facility strategic pillars: green transition; digitalisation; extroversion; innovation (R&D).

ii. The mandate has been complied with:
   a. With reference to investments costs contributions, the RRF loans cover 42.80% (maximum 50% requirement in the description of the measure in the Council Implementing Decision), the financial institutions’ co-financing loans cover 33.72% (minimum 30% requirement in the description of the measure in the Council Implementing Decision), and the final beneficiaries’ participation covers 23.48% (minimum 20% requirement in the description of the measure in the Council Implementing Decision).
   b. The funded investments have positive net present values and the decisions for each investment are based on sound economic criteria according to the financial institutions’ internal criteria, policies and procedures, at arms’ length from the government.
   c. Key performance indicators were set for the monitoring of disbursed loans, and financial institutions provided the relevant information as per the Loan Facility framework and the operational agreements signed with Greece. Specifically, the key performance indicators for the loan contracts signed demonstrate:
      • Value of loans disbursed to final beneficiaries over total value of loan contracts signed: EUR 1037.9 million loans disbursed to final beneficiaries over EUR 4718.8 million loan contracts signed (including management fees).
      • Value of deferred loan service payments over total value of ordinary loan service payments: There were no deferred loan service payments.
      • Value of performing loans over total value of loan portfolio and corresponding values for loans under restructuring and the different categories of non-performing exposures in the loan portfolio (0-90 days past due; over 90 days past due but non-denounced; denounced loans), including the recoveries related to each of these categories of non-performing exposures: All RRF loans are currently serviced at 100% of the loan portfolio.
      • Value of interest paid over value of accrued interest: The value of interest paid is EUR
6.7 million. There are no deferred loan service payments, therefore there is no difference between interest paid and accrued interest.

- Value of interest paid over value of loans disbursed to final beneficiaries: EUR 6.7 million interest paid over EUR 1037.9 million of loans disbursed to final beneficiaries.

d. Evaluations were carried out by the financial institutions and independent auditors on eligibility prior to the provision of financing (see further details in point iii below).

e. The Greek State and the financial institutions participate pari passu on loans losses, collaterals and repayments, and all decisions regarding restructuring are to be allocated exclusively to the financial institutions, if / when applicable.

f. There is no refinancing of outstanding loans, and no State guarantees are provided.

g. In accordance with verifications by independent auditors, each funded investment complies with the Do No Significant Harm Technical Guidance (2021/C58/01) of supported activities, requiring the use of sustainability proofing, an exclusion list, and mandatory legal compliance checks with the relevant EU and national environmental legislation by an independent auditor.

iii. Independent auditors verified ex-ante for each project:

a. The eligibility of the investment and the budget.

b. The investment project’s appropriate categorisation under the Loan Facility strategic pillars.

c. The compatibility of the interest rate granted considering relevant State aid rules.

d. That the project does not already benefit from double funding either from the Recovery and Resilience Facility or any other Union funding programme for the same expenditure.

e. The project’s alignment with the Do No Significant Harm Technical Guidance (2021/CS8/01) confirming:
   - Compliance with the relevant EU and national environmental legislation.
   - The adequate application of the climate and environmental sections of the Commission’s technical guidance on sustainability proofing for the InvestEU fund (2021/C 280/01).
   - That the project does not relate to activities excluded from eligibility.

f. The contribution of the project to the climate transition and the digital transition, in accordance with the methodology in Annexes VI and VII to the Recovery and Resilience Facility Regulation (including the relevant intervention fields), and the compliance by the financial institutions with the relevant legal commitments undertaken regarding the climate and digital commitments. In addition, the compliance with the climate and digital commitments is audited ex-post at the portfolio / tranche level as provided in the mandate.

Commission Preliminary Assessment: Satisfactorily fulfilled