

## Summary of the assessment of the Belgian recovery and resilience plan

Grants: EUR 5 923 953 327

140 measures: 35 reforms and 105 investments grouped into 17 components

Number of milestones and targets: 210 in total, of which 126 milestones and 84 targets

Climate target: 49.6%

Digital target: 26.6%

### 1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	The Belgian plan provides a comprehensive and <b>adequately balanced response</b> to the six policy pillars referred to in Article 3 of Regulation (EU) 2021/241, with a significant number of components of the plan addressing multiple pillars. The plan envisages taking a broad range of climate related measures, with more than half of the components contributing to the <b>green transition</b> . Such measures include increasing the energy-efficiency of buildings, new emerging energy technologies, adaptation to climate change and sustainable transport infrastructure, representing significant opportunities to help reach the 2030 energy and climate targets. The plan addresses the <b>digital transformation</b> in multiple areas, with close to two thirds of the components contributing to addressing such challenges. Reforms, both at the federal and regional level, aim to remove regulatory bottlenecks to the deployment of 5G and ultra-fast connectivity infrastructure, such as fibre. Investments focus on the digitalisation of the public administration, as well as of the justice system, and on the improvement of digital skills. The plan extensively covers the third pillar of <b>smart, sustainable and inclusive growth</b> , with nearly all components directly contributing. The plan should have a positive impact on public and private investment, by investing notably in transport and digital infrastructure, social housing, energy-efficient building renovation, and research and innovation. By contributing to a greener and digital economy, the plan supports sustainable growth and economic resilience. The sizeable investment in digitalisation of the public administration and of the judicial system should contribute to a business-friendly environment and thereby support the economic recovery. Moreover, the plan helps to address skills mismatches by strengthening education and training systems. The focus on improving digital skills and fostering access to the labour market for vulnerable groups should have a positive impact on employment.	A
2.2	The plan is expected to contribute to effectively <b>addressing a significant subset of the challenges identified in the recent country-specific recommendations addressed to Belgium by the Council in 2019 and 2020</b> . To improve the quality and efficiency of public spending, the plan includes the systematic integration of spending reviews in the budgetary planning cycles of all government levels. The plan includes a pension reform, which aims to improve the financial and social sustainability of the pension system. The plan also includes several measures to address labour market challenges and strengthen the social and labour market integration of vulnerable groups, such as people with a migrant background, women, youth, people with disabilities, prisoners and people at risk of digital exclusion. The plan contains a reform of the company car tax scheme, geared towards the electrification of road transport, which is expected to contribute to reduce greenhouse gas emissions.	A

2.3	The plan is expected to effectively contribute to <b>strengthening the growth potential, job creation, and economic, social and institutional resilience of Belgium</b> . Simulations by the Commission services show that the plan has the potential to increase the GDP of Belgium by between 0,5% and 0,9% by 2026 (overall impact of NGEU, not including the possible positive impact of structural reforms, which can be substantial). Reforms that aim at increasing the quality of public spending and removing barriers to a higher labour market participation combined with sizeable investments in building renovation, sustainable mobility, digitalization of public services, training and up-skilling, research, development and innovation are expected to boost the country's competitiveness and productivity while paving the way to the green transition and the digital transformation of the economy. Specific actions are foreseen to help support labour market integration, in particular for vulnerable groups. Moreover, the plan is expected to help address skills mismatches by strengthening the education and training systems. Investments in social infrastructure contribute to social cohesion.	A
2.4	The measures in Belgium's plan comply with the <b>'do no significant harm'</b> (DNSH) principle. The DNSH requirements are upheld in the design of the measures, including, where relevant, through conditions embedded in milestones or targets.	A
2.5	The plan is expected to contribute to the <b>green transition, including biodiversity</b> . Measures supporting the climate change objectives account for 49.6% of the Belgian's plan total allocation. Energy-efficient renovations of public buildings, private and social housing represent an important part of this contribution. The plan includes investments into collective and low-emission means of transport and a reform to green the company car tax scheme. Investments in R&D and innovation, in particular in alternative energy technologies, including hydrogen, and infrastructures are expected to facilitate the transition towards a low-carbon economy. The plan addresses the preservation of biodiversity through investments in protected areas, ecological restoration operations, green infrastructure, more resilient forest management and the creation of wetlands. Water management measures aim to reinforce climate adaptation. Other investments in recycling infrastructures and for optimised use of materials aim to enhance the circular economy in Belgium.	A
2.6	The plan supports the <b>digital transition</b> , through reforms both at the federal and regional level aiming to remove regulatory bottlenecks to the deployment of 5G and ultra-fast connectivity infrastructure, such as fibre. The plan also includes investments focussing on the digitalisation of the public administration including the roll-out of digital infrastructure, as well as investments aiming at strengthening the overall cyber resilience and cyber crisis preparedness of the Belgian society. Measures supporting the digital transition account for 26.6% of the plan's total allocation.	A
2.7	The plan contains investments expected to have a <b>lasting impact</b> , supporting the green and digital transition of the economy. The digitalisation of relevant institutions is expected to have a lasting impact on the quality of services, the business environment and the optimal use of government data. This concerns essential areas such as the judicial system, social security, the health system, the cyber resilience of the country or platforms to improve interactions between public administrations and citizens or businesses. The plan further contributes to increasing the level of R&D investments in order to reach the objective of 3% of GDP and to increasing productivity. Relevant investments and policies such as those to decarbonise the economy including by improving its energy efficiency and to deploy state-of-the art digital infrastructure are expected to contribute to the improvement of the country's competitiveness and growth	A

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	potential. Overall, the reforms proposed in the plan are expected to have a long-term impact, even though for some of them, such as the reform of the pension system, the extent of the impact will depend on their implementation. The reforms related to the quality of the public spending, to labour market participation and to remove regulatory bottlenecks for the deployment of 5G are expected to produce long-lasting effects. In the area of taxation, the reform of company car scheme is expected to contribute to the decarbonisation of transport.	
2.8	The governance structure and organisational arrangements for the implementation of the Belgian plan ensure the involvement of the responsible actors in monitoring, reporting and administrative follow-up of the reforms and investments under their responsibility. Inter-federal coordination between the entities involved is ensured at both political and administrative level. The plan includes a total of 210 <b>milestones and targets</b> that appropriately reflect the different stages of implementation of reforms and investments. The proposed indicators are relevant, acceptable and robust.	A
2.9	The <b>costing</b> information and evidence presented in the plan is detailed and clear for a large majority of measures. There is sufficiently detailed information and supporting evidence that the estimated total cost of the plan is reasonable and plausible. However, for certain measures, further information presenting more detailed estimations and justifications could have increased the level of assurance that costs are reasonable and plausible. The estimated total cost of the recovery and resilience plan is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.	B
2.10	Overall, the arrangements proposed by Belgium for the <b>control and audit</b> system are adequate for the task of preventing, detecting and correcting potential fraud, corruption and conflicts of interest, and avoiding double funding, provided that the milestones pertaining to a repository system for monitoring the implementation of the Facility and adequate coordination arrangements to avoid double funding are fulfilled before the first payment request. The plan identifies the different bodies in charge of the implementation, monitoring and control of the projects in each of the six entities (Federal State, Flemish Region, Walloon Region, Brussels-Capital Region, French Community and German-speaking Community). Each entity is responsible for collecting the data of the projects under their responsibility, and ensure the regular update of their progress in their monitoring tools. With regard to audit, the entities appointed are also in charge of the audit of EU funds under shared management and are independent from the entities implementing the plan. The plan sets out the different control procedures of each entity for the prevention, detection and correction of fraud, corruption and conflict of interest, when using the funds provided under the Recovery and Resilience Facility Regulation.	A
2.11	The individual measures included in the plan are <b>coherent</b> with the overarching objectives announced. The plan does not present inconsistencies among the different components. Some measures are mutually reinforcing and complementary, also across government levels. However, in some instances, the potential of some of the investments could have been further reinforced by more far-reaching complementary reforms. For example, whereas the plan contains a number of investments and reforms for the energy-efficient renovation of buildings, there is no firm commitment to reform the energy taxation system to incentivise more energy-efficiency investments in building renovations. Similarly, the measures to increase employment and improve labour market performance are not accompanied by concrete measures to reduce disincentives to work from the tax system. In addition, while the plan supports the	B

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	deployment of green hydrogen, there is only limited support for increasing renewables production.	
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## 2. Horizontal principles and additionality

Horizontal principle	Commission assessment
<b>Complementarity with EU programmes 2021-2027</b>	The measures in the plan are consistent with and complementary to other EU programmes in the period 2021-2027.
<b>Principle of additionality</b>	The measures in the plan respect the principles of additionality. The plan ensures the additionality of the support provided under the Recovery and Resilience Facility to the support provided under other Union funds and programmes and also ensures that they do not cover the same cost.
<b>Recurring costs</b>	The plan will finance a limited amount of costs that are recurring but temporary in nature. This concerns for instance salaries of employees for childcare services. These costs are temporary because linked to pilot projects. They are strictly necessary for the implementation of the measure. The measures are fully in line with the objectives of the RRF and are not expected to contribute to a fiscal imbalance after the timeline of the RRF. Therefore, they comply with the conditions set out in Article 5(1) of the RRF Regulation

## 3. Reply to the European Parliament's questions

**Contribution to equality and gender equality:** The plan contains a series of measures expected to contribute to addressing the challenges in the area of gender equality and equal opportunities for all. The Belgian Institute for the Equality of Women and Men considers that 52% of investment measures in the plan will have a potential positive gender equality impact. These include measures dedicated to attracting more women to Science, Technology, Engineering and Mathematics studies and increasing the employment rate of women. The objectives of equal opportunities for all are reflected in measures in several policy areas in the plan, such as education, social housing, labour market inclusion, mobility and digital inclusion. These include reforms of the regulatory framework for discrimination tests and the available tools and knowledge in administration that could contribute to a higher employment rate of people with a migrant background. Other relevant measures include investments to increase the accessibility of railway stations to people with reduced mobility and investments in social housing equipped with assistive technologies in order to support the independent living of persons with disabilities and elderly people.

**Contribution to high-quality employment creation:** The plan includes a set of measures that contribute to economic growth and increasing employment. To be mentioned in particular are sizeable investments in the digitalisation and modernisation of the public administration to reduce the administrative burden and simplify procedures for a more business-friendly environment. Reforms and investments in energy-efficient building renovation, in sustainable mobility, in the digitalisation of public services including the justice system are expected to provide the main contributions to both growth and employment. Other main areas of intervention include cybersecurity and 5G, circular economy, decarbonisation of industry including a focus on emerging energy technologies such as clean hydrogen production and use, future-proof economic sectors such as nuclear medicine, healthcare, culture, and water management. In parallel, the plan contains several reforms and investments aimed at fostering access to the labour market and address skills mismatches.

**Contribution to the implementation of the European Pillar of Social Rights:** The recovery and resilience plan includes measures aiming at addressing relevant employment and social challenges, thereby contributing to implementing the European Pillar of Social Rights. Specific actions are foreseen to help support labour market integration, in particular for vulnerable groups. This should be achieved through changes to the responsibilities and functioning of the regional public employment services, their modernisation and the provision of more personalised support to vulnerable jobseekers. The plan includes reforms to tackle discrimination on the labour market, which is in particular relevant to deal with the low employment rate of people with a migrant background. Reforms of the energy subsidy schemes are expected to help alleviate energy poverty. The plan includes also investments in social infrastructure, including in the renovation and construction of social housing and childcare facilities. The plan further contains measures aimed at strengthening participation in adult learning, including by establishing individual learning accounts, developing and upgrading curricula reflecting labour market needs, including in higher education, and increasing the transparency of the training offer.

**Addressing regional disparities:** Territorial cohesion is predominantly addressed with measures tailored to meet the specific challenges that each region faces in Belgium. Synergies with the upcoming Cohesion Policy programmes are also expected. In addition, investments into railways, smart mobility and cycling and walking paths covering the whole territory reinforce the integration of transport networks. Belgium has also committed to completing its cross-regional suburban rail network around Brussels. The deployment of charging infrastructure throughout Belgium is also supported. Finally, the plan intends to ensure the even roll-out of 5G infrastructure in all regions, notably by revising the regional radiation standards if considered necessary and recommended by the relevant regional committees. Moreover, the plan contains two fibre deployment infrastructure projects in white zone areas, contributing to territorial cohesion between urban and rural areas in this way.

**Contribution to upward economic and social convergence:** Strengthening social cohesion is one of the key objectives of the plan. Component 4.1 intends to improve the overall performance and inclusiveness of education systems in Belgium. Component 4.2 includes measures to increase participation of vulnerable groups in the labour market (low-skilled, women, people with a migrant background, people with disabilities). Component 4.3 contributes to addressing the lack of social housing for vulnerable groups and early childhood care, in particular for vulnerable households. The reform of the pension and end of careers (component 4.4) among others aims to ensure adequacy of social security while addressing fiscal sustainability concerns. The introduction of spending reviews at all government levels is expected to improve the quality and composition of public expenditure and enhance macroeconomic stability. The plan further includes investment and reform measures to tackle unemployment, notably by fostering training and life-long learning (component 5.1). Measures on digital inclusion (components 5.1 and 2.3) and on access to digital public services (component 2.2) are also expected to increase social convergence. Finally, the wide set of measures that contribute to economic growth are also expected to reduce economic disparities.

**Contribution to CSRs on taxation and anti-money laundering:** Regarding labour taxation and the tax wedge, the plan refers to a proposal for a broad tax reform but does not provide a commitment and timeline for the adoption of the announced tax reform. Whilst that reform has the potential to reduce the tax burden on labour, and thereby to contribute to addressing CSR 2.1 2019 (remove disincentives to work), the lack of guarantee that the reform will be effectively enacted led to the conclusion that the reform could not be included as a measure of the plan supported by the Facility. Belgium has not received CSRs on anti-money laundering and tax evasion.

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## Annex

Table 1 – Coverage of the six pillars of the Facility by Belgian recovery and resilience plan components

Components of the Plan		Pillars of the Recovery and Resilience Facility					
		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, children and young people
Axis 1	1.1.Renovation of buildings	●		●	●		○
	1.2.Emerging energy technologies	●	○	●			
	1.3.Climate & Environment	●		○		○	
Axis 2	2.1.Cybersecurity		●			●	
	2.2.Public administration		●	●	●	●	
	2.3.Fibre optic, 5G and new technologies		●	●	●		
Axis 3	3.1.Cycling and pedestrian infrastructure	●		●		●	○
	3.2.Modal shift	●	●	●	●		
	3.3.Greening road transport	●		●		●	
Axis 4	4.1.Education 2.0		●	●	●	●	●
	4.2.Training and employment for vulnerable groups		●	●	●	●	○
	4.3.Social infrastructure	○	○	●	●	●	○
	4.4.End of career and pensions				●	●	
Axis 5	5.1.Training and labour market	○	●	●	●	●	○
	5.2.Support for economic activity	○	○	●		●	
	5.3 Circular Economy	●		●		●	
Axis 6	6.1.Spending reviews					●	

Key: “●” investments and reforms of the component significantly contribute to the pillar; “○” the component partially contributes to the pillar

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Table 2 - Mapping of country challenges identified in 2019-20 country-specific recommendations (CSR) and the Belgian recovery and resilience plan components<sup>1</sup>

Country challenges (as identified in Section 2)	Associated CSR (2019- 2020) and European Semester recommend ations	C 1.1	C 1.2	C 1.3	C 2.1	C 2.2	C 2.3	C 3.1	C 3.2	C 3.3	C 4.1	C 4.2	C 4.3	C 4.4	C 5.1	C 5.2	C 5.3	C 6.1
Public debt sustainability	2019.1																	
Sustainability of pension regimes, end of career	2019.1													●	○			
Efficiency of public spending, spending reviews	2019.1					○												●
Better coordination of fiscal policies	2019.1																	
Remove disincentives to work	2019.2														○			
Strengthen effectiveness of active labour market policies in particular for the low skilled, older workers and people with a migrant background	2019.2 2020.2											●			●			
Address skills mismatches, improve training systems	2019.2 2020.2										●	●			●			
Improve the performance and inclusiveness of the education system	2019.2						○				●							
Invest in sustainable transport infrastructure	2019.3 2020.3							●		●								
Reinforce incentives and remove barriers to increase the supply and demand of collective and low emission transport	2019.3 2020.3								●	●								
Clean and efficient production and use of energy	2019.3 2020.3	●	●	●				●	●	●			○			●	○	
Circular economy	2020.3																	●
Digital infrastructure, i.e. 5G and Gigabit Networks	2019.3 2020.3						●											
Invest in research & innovation, in particular in digitalisation	2019.3 2020.3		○				●		●						○	●	●	
Improve the business environment	2019.4 2020.3				●	●	○									○		
Reduce the regulatory and administrative burden	2019.4					●	○									○		○
Competition in services	2019.4																	

Key: “●” investments and reforms of the component significantly address the challenge; “○” the component partially addresses the challenge

<sup>1</sup> The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of Belgium's RRP, notwithstanding the fact that the Member State has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the provisions of the General Escape Clause.

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