Contribution of National Recovery & Resilience Plans to the six pillars & European Added value

27 May 2021
State of Play of RRP submission and assessment

- **18 plans** submitted so far, **8** more plans expected soon, **1** after the summer

- Timeline: Adoption of Commission’s proposals from second half of June

- Plans received so far include ambitious investment and reforms and a **broad coverage of CSRs** and notably on:
  - green and digital transition
  - labour market/skills, social safety nets and inclusion; healthcare and long term care;
  - public finances and taxation;
  - investment bottlenecks; justice systems and public administration; anti-corruption / anti-fraud measures.
Contribution to the six pillars: a first overview

• The RRF Regulation refers to policy areas of European relevance structured in six pillars.

• All six pillars are expected to be sufficiently addressed in the plans.

• The following overview is based on a preliminary review and thus subject to change. It does not constitute an assessment of the Commission.

• The Commission will present a quantitative assessment of how plans contribute to the pillars in the review report by 31 July 2022 (Article 16 of the Regulation).
(a) Green transition

Overview based on provisional figures

Overview of green measures (preliminary estimates)

<table>
<thead>
<tr>
<th>Clean Transport</th>
<th>Building Renovations</th>
<th>Clean Power</th>
<th>Circular Economy &amp; Biodiversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR bn</td>
<td>85-90</td>
<td>50-55</td>
<td>45-50</td>
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<tr>
<td># of MS</td>
<td>25</td>
<td>25</td>
<td>22</td>
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</tbody>
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Note: based on 18 submitted RRP s and 8 advanced draft RRP s

- Investments in **clean power**, such as renewables production and storage, including hydrogen.
- **Building renovations**, such as renovations of residential, business, public, and social housing.
- **Sustainable transport**, such as (digital) railway infrastructure, charging points, urban mobility (incl. cycling).
- **Biodiversity** measures include reforestation and conservation.
- **Circular economy** measures include waste management and waster water treatment.
- Besides investments, Member States have also committed to reforms such as **greening taxes** by broadening their base based on (CO2) pollution.
(b) Digital transformation*

- Robust contribution to the pillar of digital transformation.
  - Significant share of expenditure exceeding in aggregate the 20% requirement.
  - Strong focus on digitalisation of public services and human capital.
  - Good coverage of digital-related CSR, such as connectivity and digitalisation of the public administrations.
- Dedicated digital components but also digital spending across components
- Examples of key projects in the plans include cross-border 5G corridors, broadband roll-out to rural areas, expansion of digital services in the areas of authentication, health and justice, and development of the next generation of microprocessors.

*NB: very provisional data subject to ongoing detailed checks; pie chart represents percentage of total allocated budget to digital transformation based on preliminary estimation.
(c) Smart, sustainable and inclusive growth

- To the benefit of the single market, plans contain connectivity measures, such as:
  - railways,
  - electricity interconnectors,

- To support growth and in particular SMEs, plans contain measures to:
  - Business environment: one stop shops, simplification, increasing competition.
  - Promoting private investments: bottlenecks and access to finance
  - support for entrepreneurship (financial support, entrepreneurial skills),
  - Reform of justice
  - Simplification and speeding-up procurement procedures

- Almost all Member States have included R&I measures in their plans.

- The plans will support the public science base, for instance through investments in research infrastructure and funding schemes for research projects, accompanied by reforms
(d) Social and territorial cohesion

Social cohesion

- Member States have rolled out significant amount of measures on social and employment policies.

- Besides investing in skills and healthcare, measures to improve employability of disadvantaged groups, gender equality, support for people with migrant background figure prominently in the national RRPs.

- On labour market policies measures include the provision of employment incentives for specific disadvantaged groups, reforms of employment protection legislation and labour contract regulation.
(e) Health, economic, and institutional resilience

**Health**
- Virtually all MSs have measures related to health and long-term care such as:
  - investing in health infrastructure,
  - upskilling health workforce,
  - strengthening resilience,
  - or deploying eHealth services

**Economic**
- Measures addressing the **risks of macroeconomic imbalances**, e.g. housing market imbalances
- Strengthening the **insolvency framework**
- Making (more systematic) use of **spending reviews** to improve composition and efficiency of public spending;
- Improving **long-term sustainability of public finances** (e.g. pension reforms) or by strengthening the **governance of public finance**, (e.g. the introduction of a spending rule);
(e) Health, economic, and institutional resilience

Institutional

• Member States plan to spend significantly on digitalisation of public administration, including justice.
• Reforms and investments to reinforce the fight against corruption include trainings, awareness campaign, as well as, investment in corruption detecting infrastructure
• Anti-Money-laundering and anti tax-fraud measures,
• Measures to reinforce tax administration.
• Strengthening of SOE governance
(f) Policies for the next generation

- Measures aimed to improve digital skills are omnipresent in the national RRPs
- Reforms of vocational education and training, as well as, focus on the performance of education are also on the top of the national agendas
- Increasing capacity in higher education is also a significant part of the policies for the next generation in the national plans
- Member States are also keen to address youth unemployment, early school leaving, and child poverty
- Early childhood education and care measures focus on accessibility, affordability, quality and inclusiveness - for example - by expanding the available childcare facilities
European Added value of the Recovery and Resilience Plans
Cross-border and multi-country projects

• Cross-border projects have the potential to **address bottlenecks in the functioning of the single market**

• Member States often refer to the potential of their projects to **generate positive cross-border spillover effects** in light of closer European cooperation (e.g. Important Projects of Common European Interest)

• Recurring topics include developing **hydrogen technologies** strengthening cross-border **digital infrastructure** and cross-border **exchange of data**
Contribution of the RRF to EU policies

- **European Green Deal** and a just transition (investment in sectors + education and skill building)
- **Digital Education** Action Plan
- **Social Pillar** Action Plan
- Dedicated **SME** strategy
- European **Gender** Strategy
- **Biodiversity** Strategy
**Strong growth effects of joint action on EU level**

- A preliminary ECFIN simulation (work ongoing) shows that joint action yields significantly higher growth effects than an aggregation of individual effects of the MS’s RRP's.