IMPROVING ECONOMIC POLICY

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Stocktaking – the implementation of the National Recovery and Resilience Plans, where are we?

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State of play

- 25 plans submitted
  - All request the maximum amount of grants, so grants could reach the max €338 billion (at current prices)
  - 7 request loans for €166bn in total
  - ➢the overall size of the RRF is expected to be around €500 billion
- 18 plans approved
- Pre-financing disbursed to 10 countries
- Implementation started in many member states

16 recovery plans are equally great – according to the Commission’s assessment

The Commission's assessment of the recovery plans

	(1) Comprehensive and balanced response	(2) Country-specific recommendations	(3) Growth, jobs, economic, social and institutional resilience	(4) Do no significant harm to environment	(5) Green transition	(6) Digital transition	(7) Lasting impact	(8) Monitoring and implementation	(9) Cost justification	(10) Preventing corruption, fraud and conflicts of interests	(11) Coherence
Austria	A	A	A	A	A	A	A	A	B	A	A
Belgium	A	A	A	A	A	A	A	A	B	A	B
Croatia	A	A	A	A	A	A	A	A	B	A	A
Cyprus	A	A	A	A	A	A	A	A	B	A	A
Czechia	A	A	A	A	A	A	A	B	B	A	B
Denmark	A	A	A	A	A	A	A	A	B	A	A
France	A	A	A	A	A	A	A	A	B	A	A
Germany	A	A	A	A	A	A	A	A	B	A	A
Greece	A	A	A	A	A	A	A	A	B	A	A
Italy	A	A	A	A	A	A	A	A	B	A	A
Ireland	A	A	A	A	A	A	A	A	B	A	A
Latvia	A	A	A	A	A	A	A	A	B	A	A
Lithuania	A	A	A	A	A	A	A	A	B	A	A
Luxembourg	A	A	A	A	A	A	A	A	B	A	A
Portugal	A	A	A	A	A	A	A	A	B	A	A
Slovakia	A	A	A	A	A	A	A	A	B	A	A
Slovenia	A	A	A	A	A	A	A	A	B	A	A
Spain	A	A	A	A	A	A	A	A	B	A	A

It cannot be that no EU government is able to justify costs to ‘a high extent’

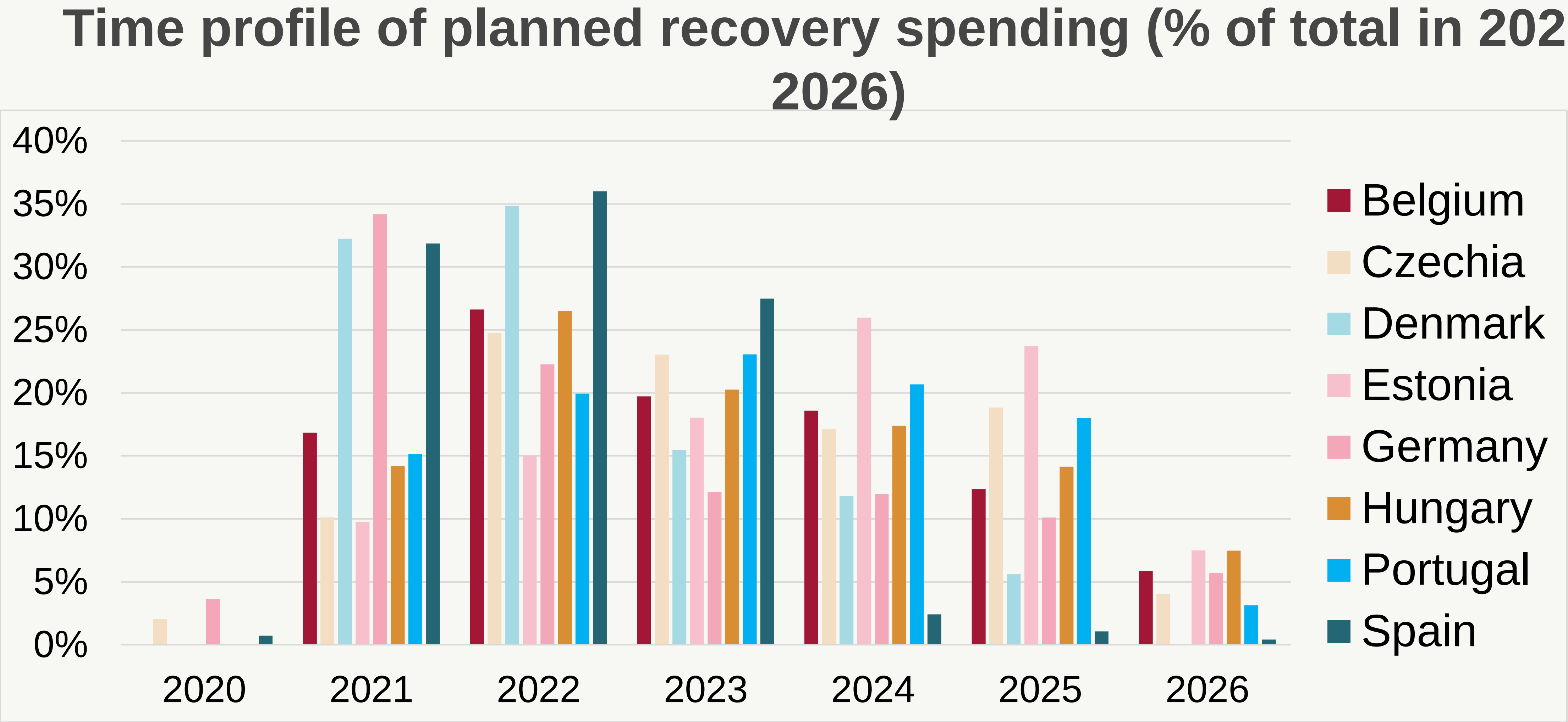
- Reasons for giving grade B for cost justification:
  - cost breakdowns show varying degrees of detail and depth of calculation;
  - there are some gaps in the information and evidence provided on reasonability and plausibility of the estimated costs;
  - sometimes the methodology used is not sufficiently well explained and the link between the justification and the cost itself is not fully clear;
  - in some cases, the methodologies and assumptions are less robust;
  - some projects are not sufficiently substantiated with cost of comparable projects, or the evidence cited could not be accessed;
  - funding criteria and beneficiaries are not sufficiently detailed;
  - there is significant potential overlap between the Recovery and Resilience Plan and other EU facilities, such as the European Structural Investment Funds (ESIF) and Connecting Europe Facility (CEF), but details are not always clear enough or simply not provided on whether double EU funding will be avoided.
- For some countries, several of these factors were listed, for others, only one

Nevertheless, the ‘medium extent’ cost justifications necessitate a careful watch

- While RRF funding is performance based, imperfect cost justification necessitates checking value for money and the avoidance of double funding by other EU funds

- As regards performance, are milestones and targets similarly difficult across member states?

Planned time-profiles vary across countries. Spanish front-loading could be challenging



The absorption challenge

- Half of 2014-2020 MFF structural funds has not been used by end-2020 and should be spent in the years to come
- 2021-2027 MMF structural funds need to be spent
- On top comes NGEU
- ECA criticized earlier efforts to speed-up structural fund absorption by little consideration of the value for money

Monitoring the implementation of reforms

- Reforms are crucial for several EU countries
- But EU member states hardly implemented European Semester recommendations in the past
- RRF grants can incentivize reforms to some extent, but why would the behaviour of governments change?

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Thank you for your attention!

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