

Implementation of the Recovery and Resilience Facility - the Parliaments' 23 June Resolution

This briefing provides an overview of the European Parliament's concerns as expressed in its 29 July 2022 Resolution, as regards implementation of the Recovery and Resilience Facility. It does so by providing two tables - one matching the Parliament's resolution and the Commission's article 16 Review Report and a second one pointing to public information available addressing such concerns.



The <u>Recovery and Resilience Facility Regulation</u> (RRFR) provides for a number of reports and reviews from the Commission providing information on implementation of the Facility. Such reports and reviews are also relevant instruments for scrutinising RRF implementation and the Commission (see a <u>specific EGOV paper</u> on the role of the European Parliament in scrutinising the RRF for further details).

One of such reviews was published on <u>29 July</u> (based on article 16 RRFR). According to the RRFR, the article 16 report shall include:

- an assessment on the extent to which the implementation of the Recovery and Resilience Plans (RRPs) contributes to scope and the general objectives of the program, to the attainment of the climate and digital targets and the six identified priorities, and
- information on the state of the implementation of the RRPs and observations and guidance to the Member States.

The Regulation also foresees that Parliament may invite the Commission to present the report in a Recovery and Resilience Dialogue.

On 23 June, the Parliament adopted a <u>resolution</u> addressing the implementation of the Recovery and Resilience Facility, asking the Commission to consider its views in such - then upcoming - article 16 report.

To facilitate scrutiny of the Parliaments' concerns as expressed it its 29 July Resolution, this briefing provides:

- A table matching the Parliament's resolution to the Commission's article 16 report (see annex 1);
- A table providing "observations" on how Parliament's concerns, as expressed in the 29 July Resolution, are being met by the Commission (see annex 2). These observations are subjective assessments on how information available mostly prepared by the Commission addresses concerns expressed in the Parliament's 29 July Resolution.



Whilst Annex 1 is a static document, annex 2 may be updated over time to encompass additional information made available. Both tables were filled using publicly available information. The reference date for both Annexes is 6 September 2022.

(*) From the ECON Secretariat.

Annex 1: Implementation of the Recovery and Resilience Facility (1)

EP Resolution of 23 June 2022	EC Report of 29 July 2022 ("Review Report")
Mitigating the social and economic impact of the crisis	
13. Calls upon the Commission to assess whether there has been unnecessary duplication of investments in the NRRPs of neighbouring Member States and to assist Member States in avoiding unnecessary overlap	No specific reference in the Review Report.
Financing aspects of the RRF	
18. Tasks the Commission with analysing the reasons why the Member States have not requested loans to the full extent of their allocation, which could prevent the RRF from reaching its full potential	No specific reference in the Review Report.
19 if the Commission considers that the reasons put forward by the Member State justify an amendment of the NRRP, it shall assess the amended NRRP in accordance with Article 19 and put forward a proposal for a Council implementing decision according to Article 20 of the Regulation;	
21 looks forward to more granular and disaggregated data allowing for a better understanding of the additionally impacts of the RRF; calls on the Commission to increase the level of transparency and data visualisation in the Scoreboard, and for more detailed reporting, focusing on outcome and impact indicators rather than output, as well as ensuring a qualitative analysis of the reforms and investments proposed;	No specific reference in the Review Report.

 $^{^{\}rm 1}$ Bold has been added to the original Parliament's and Commission's texts.

22 calls on the Commission and the Member States to sign operational arrangements as soon as possible and requests that the Commission communicate those arrangements to Parliament	Review report page 4 explains "Work is ongoing on the operational arrangements between many Member States and the Commission. The signature of these is a pre-requisite to the submission of the payment request. To date, 13 operational arrangements have been concluded (Croatia, Cyprus, Estonia, France, Greece, Italy, Latvia, Lithuania Portugal, Romania, Slovakia, Slovenia, and Spain) leading to the submission of 11 payment requests (Croatia, France, Greece, Italy, Portugal, Romania, Slovakia and two by Spain and Italy) and the disbursement to 6 Member States (Croatia, France, Greece, Italy, Portugal, and Spain)". Footnote 6 of the Review Report adds "12 additional operational arrangements are expected to be signed by the end of 2022".
26 encourages [the Commission] to continue thoroughly assessing whether milestones and targets are complied with, in a timely manner, consulting relevant experts where needed; urges the Commission to ensure the fast deployment of payments and to closely monitor the implementation of reforms and investments;	Work ongoing.
National recovery and resilience plans (NRRPs)	
35 calls on the Commission to apply diligently the RRF Regulation to ensure compliance with the 11 assessment criteria as set out in the Regulation, when assessing the remaining plans;	Work ongoing.
37 calls on the Commission and the Council to refrain from approving Hungary's draft NRRP as long as concerns regarding the observance of the rule of law, the independence of the judiciary and the prevention and detection of and fight against fraud, conflicts of interest and corruption persist;	Work ongoing.
38 urges the Commission to monitor very carefully the risks to EU financial interests in the implementation of the RRF and any breach or potential breach of the principles of the rule of law and to take immediate action if the financial interests of the EU could be harmed; calls on the Commission, therefore, in accordance with Rule of Law Conditionality Regulation, to be particularly strict with the Member States in	No specific reference in the Review Report. However, this aspect is subject of close monitoring by several Commission's services, as well as EUROPOL.

complying with the **protection of the financial interests of the Union,** as enshrined in Article 22 of that Regulation;

39. Recalls, furthermore, that the **observance of the rule of** law and the sound financial management of EU funds are to be evaluated continuously throughout the lifecycle of the RRF and that the Commission must refrain from disbursing funding and, where applicable, recover funds, in case such conditions are no longer fulfilled;

41. ... calls on the Commission to assess the contribution of the investments earmarked for the green transition under the NRRPs to the achievement of the new 2030 climate and energy targets set out in the respective revised NECPs;

Review Report, page 11, reads: "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. Along with contributing to deliver on the climate ambition and on the REPowerEU objectives such as promoting sustainable mobility, increasing energy efficiency and a higher deployment of renewable energy sources, the measures supported by the RRF will also ensure progress towards other environmental objectives such as reducing air pollution, promoting the circular economy or restoring and protecting biodiversity, etc. A total of EUR 249 billion of Member States' total allocation has been dedicated to measures contributing to the green transition pillar, which can be broken down in 11 policy areas (see figure 5).

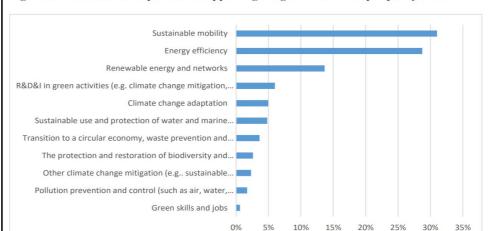


Figure 5. Breakdown of expenditure supporting the green transition per policy area

47.... calls on the Commission to provide **detailed analyses of** the access of the private sector to RRF funding; ...

No specific reference in the Review Report.

57. Calls for the Commission to continue monitoring the implementation of the six pillars and ensuring that granular data is made available in the RRF scoreboard; asks the Commission to facilitate more regional methods of monitoring implementation through the scoreboard...

Review Report, pages 8 and following, reads: "The six policy pillars reflect priority policy areas of European relevance and the overall scope of the RRF. To be consistent with the multifaceted nature of the individual measures, where a measure is often linked to several pillars, the reporting is based on the assignment of each measure (or sub-measure) to two policy pillars (i.e. a primary and secondary pillar) (.Measures are assigned to primary and secondary pillars based on their relevance. The predominant policy area of the measure (e.g. green, digital, etc.) determines its primary assignment. The secondary assignment is based on the second most relevant policy area of the measure). The figure below (Figure 2) provides an overview of the estimated expenditure per policy pillar based on 25 plans adopted by the Council. Green transition, smart sustainable and inclusive growth, as well as social and territorial cohesion are on the top of the spending priorities (with a contribution rate between 40 to 50%) for the examined Member States. 29% of the measures' expenditure contribute to the digital transformation, and 16% to policies related to health, economic, social and institutional resilience reflecting also the responses to the COVID pandemic. Last but not least, over 12% of the expenditure contribute to policies for next generation, including education and skills.

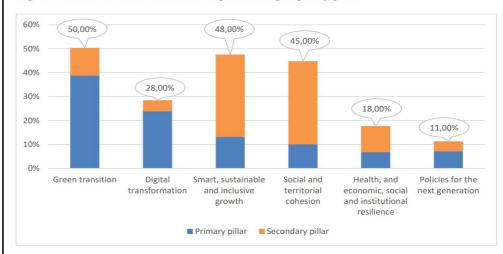
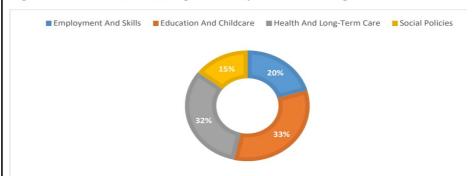


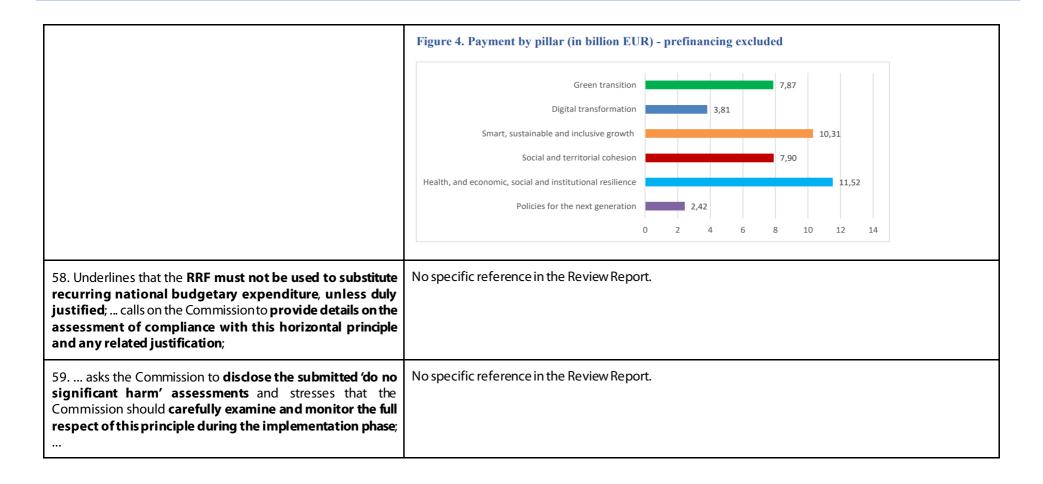
Figure 2. Share of RRPs estimated expenditure per policy pillar

More than a quarter of the total expenditure in the adopted plans is estimated to contribute to social expenditure, including on children and the youth (Figure 3). Given the importance of social spending in the aftermath of the COVID pandemic, the RRF Regulation empowered the Commission to adopt a delegated act establishing a methodology to report on social expenditure, including on children and the youth, under the Recovery and Resilience Facility (Art 29 (4) (b)). The methodology adopted by the Commission classifies all expenditure financed by the Facility relating to reforms and investments into nine broad policy areas, which are then aggregated into four social categories: (1) employment and skills, 2) education and childcare, 3) health and long-term care, and 4) social policies. A total of 135 billion EUR allocation contributes to social spending, which represents about 30% of the total estimated expenditure. Around one third of this amount is dedicated to spending on education and childcare, another one third on health and long-term care, while the rest is divided between spending on employment and skills, and social policies.

Figure 3. Share of RRF social expenditure by main social categories



So far, payments with fulfilled milestones and targets related to measures in health, economic, social and institutional resilience, and smart and sustainable and inclusive growth are the largest in size (roughly EUR 10 billion each). Around 8 billion EUR has been paid out to the fulfilment of milestones and targets related to the green transition and social and territorial cohesion. The remaining EUR 6 billion of estimated expenditure are divided between the digital transformation and policies for the next generation, children and the youth (Figure 4).



60. ... asks the Commission to provide a study to check the extent to which the RRF contributes to creating jobs in sectors where one gender is predominantly represented and the accompanying measures contribute sufficiently to increasing the presence of the least represented gender in those sectors;

The Commission provided some data on gender (see below, extract from the Review Report). No specific mention is made to the EP specific request for a study.

Extract from the Review Report, page 25 and following:

"Reporting on gender equality in the implementation of the Recovery and Resilience Plans

The Commission has promoted the development of reporting tools at EU and Member State level 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. To this end, the Commission adopted two delegated acts a) on the recovery and resilience scoreboard and common indicators and b) the ex-post reporting on social expenditure. They both entered into force on 2 December 2021.

These delegated acts contain several provisions to track the gender impact of the RRF:

- Delegated Regulation (EU) 2021/2106 establishes 14 common indicators against which Member State report on the progress towards the objectives of the Facility and four of these common indicators require disaggregation of data by gender.
- In order to track the RRF contribution to gender equality, the Commission, in consultation with Member States, assigned in its assessment tools a flag to measures with a focus on gender equality, in line with the methodology set out in Delegated Regulation (EU) 2021/2105.

Importantly, due to methodological constraints, the ex-ante nature of the assessment and the performance-based nature of the RRF, the real impact and expenditure on gender equality cannot be directly derived from the plans themselves.

Measures having a focus on gender equality in national plans

Based on the attribution by the Commission of gender equality flags to the respective measures of the plans, in consultation with Member States, 129 measures in the 25 plans adopted as of 30 June 2022 are considered to have a focus on gender equality. See the breakdown per Member State in figure 13.

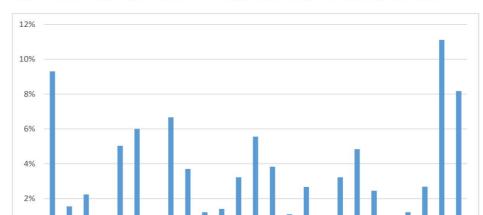


Figure 13. Share (in %) of measures having a focus on gender equality in adopted RRPs

Source: Recovery and Resilience Scoreboard

While specific measures mostly contribute to pillars 4 (Social and territorial cohesion), 5 (Health, and economic, social and institutional resilience), and 6 (Policies for the next generation) of the RRF, gender equality is also supported through measures contributing to pillars 1 (Green transition), 2 (Digital transformation) and 3 (Smart, sustainable and inclusive growth).

For instance, some measures supporting the green transition under pillar 1 contribute to gender equality objectives (e.g. Belgium, Czech Republic, Finland, Slovakia and Spain), by promoting training in green skills among women or creating and renovating childcare facilities with higher energy efficiency.

In measures supporting the digital transition under pillar 2, several Member States (e.g. Cyprus, Estonia, Finland, Latvia, Portugal, Spain, and Sweden) have included actions to improve girls' and women's digital skills as well as equal representation in STEM and ICT (e.g. Portugal, Italy).

Under pillar 3 on smart, sustainable and inclusive growth, some Member States mainstreamed gender equality considerations by including measures to improve access to finance for women entrepreneurs and to support start-ups owned by women. Similarly, there are measures to help women improve their entrepreneurial skills. Several Member States also introduced specific gender-based reporting obligations or targets (e.g. Cyprus, France, Italy, Portugal, Slovenia, and Spain).

Measures under pillar 4 include reforms to reduce the pension gender gap (e.g. Austria), improve worklife balance and working conditions (e.g. Croatia and Slovenia), and to reinforce gender mainstreaming in active labour market policies (e.g. Spain), as well as investments to incentivise participation of women in the labour market (e.g. Italy), and to improve women's financial literacy (e.g. Cyprus).

Many measures to strengthen the health and long-term care systems under pillar 5 aim to improve the quality and delivery of formal and informal care at both national and regional or local level, reducing care responsibilities that are often taken up by women in the households (e.g. Austria, Czech Republic, Estonia, Italy, Lithuania, Slovenia, Spain, Sweden). In addition, some measures will specifically contribute to supporting socially disadvantaged pregnant women and to improving the working conditions for professions predominantly occupied by women, such as nursing (e.g. Austria and Sweden).

Finally, measures under pillar 6 include reforms and investments to increase access to early childhood education and care (e.g. Austria, Belgium, Cyprus, Czech Republic, Germany, Greece, Italy, Poland, Slovakia and Spain), which constitutes an important aid and condition for supporting women's participation in the labour market.

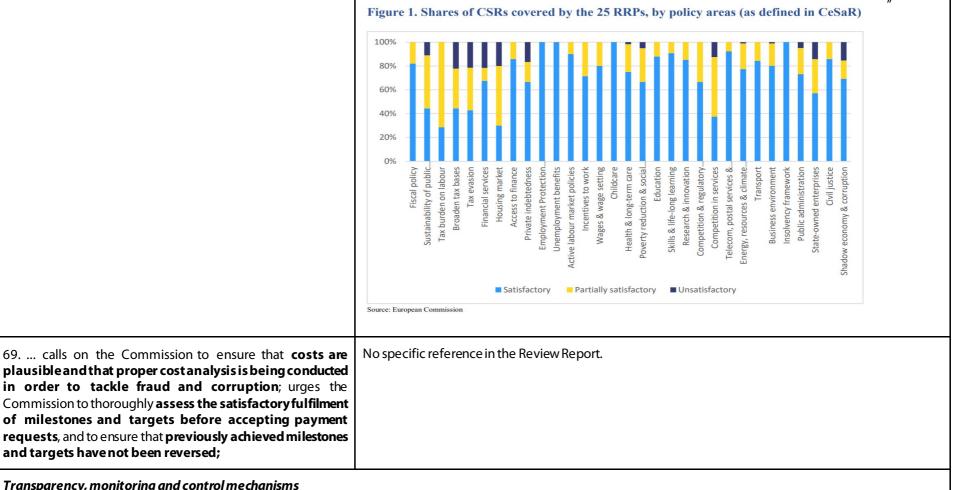
To date, 13 measures with a focus on gender equality include fulfilled milestones and targets, see few examples below:

- Italy has created a fund to support women's entrepreneurship and envisaged investment to prevent potential vulnerabilities in families, including by supporting parents of children aged 0-17.
- Greece established a new framework to improve work-life balance and close the gender employment gap.
- Portugal provided new digital equipment in schools to promote the equal development of digital skills for girls and boys and support equal participation in STEM.
- Spain introduced new obligations for employers to ensure equal pay for men and women and pay transparency. This reform will help identify discriminatory situations due to incorrect job assessments (i.e. lower pay for work of equal value). In addition, it revised the compensation for parents, primarily mothers, for the cost of a birth and childcare, in order to reduce the gender pension gap in the long run"

64. Recalls that according to the RRF Regulation, the recovery and resilience plans must also be consistent with the information included by the Member States in their Partnership Agreements and operational programmes under Union funds; ...; requests that the Commission provide an analysis of how this coordination is ensured;

No specific reference in the Review Report.

notes that the adoption of the NRRPs has led in some instances to delays in the adoption of Partnership Agreements and is concerned about the consequences of these delays; calls on the Commission and the Member States to avoid further delays in the preparation and adoption of Partnership Agreements and calls for these delays to be addressed swiftly;	
65 calls on the Commission and the Member States to foster synergies between NRRPs and other Union funding programmes, in particular Partnership Agreements ; questions how the Commission has encouraged Member States to foster synergies with NRRPs of other Member States;	No specific reference in the Review Report.
68. Calls on the Commission to adequately evaluate the fulfilment of all milestones and targets, including those related to CSRs in the NRRPs in the disbursement phase of the Facility and to reduce proportionally payments, based on the importance of the milestones and targets, whether agreed milestones and targets are not satisfactory met, including not rolling back on previously achieved milestones and targets; furthermore, calls on the Commission, if necessary, to make use of the provisions of the Regulation, allowing it to recover grants or ask for early repayment of loans in case of breach of the obligations of Member States under the financing agreements;	The Review Report mentions the Commission is assessing payment requests in light of milestones and targets, as foreseen in the RRF Regulation. It furthermore highlights how CSRs are being addressed in the RRPs (see below). The Review Report does not reflect a methodology for reducing payments proportionally. The Review Report, pages 3-4, reads "The Recovery and Resilience Plans (RRPs) of 25 Member States have been endorsed by the Commission and the Council. Reforms and investments included in the RRPs contribute to effectively addressing all or a significant subset of challenges identified in the relevant country specific recommendations addressed to the Member States in the context of the European Semester (highlighted in Figure 1).



Transparency, monitoring and control mechanisms

and targets have not been reversed;

72. ... urges the Commission, nevertheless, to take the appropriate measures to ensure early detection of abuse of EU funds; calls on it to monitor rigorously any possible occurrence In this respect, The Review Report, page 6, reads: "Finally, it is worth stressing that in the first phase of RRPs' implementation, Member States fulfilled a number of milestones to support the use of investments at national level, while ensuring adequate control systems. For instance, Italy introduced new administrative procedures to simplify and standardise the set of obligations for businesses accessing RRF funds, and developed a repository system for monitoring the implementation of the RRF across regions.

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of double funding and, if such occurrences are confirmed, to proceed with the recovery of funds without delay;	Similarly, France improved the control and audit system by setting out roles and responsibilities of the coordinating body and relevant ministries, introducing procedures for RRF data collection and storage and by defining the audit strategy ahead of payment requests".
73. Calls on the Commission to inform the budgetary authority about the use of the IT systems set up by the Commission for Member States to report the relevant information on the implementation of the NRRPs;	No specific reference in the Review Report.
74 urges the Commission to insist on the use of the integrated and interoperable monitoring system including a single data mining and risk scoring tool (ARACHNE) for all RRF spending, and to ensure that ARACHNE is interoperable with all relevant software and datasets to keep the administrative burden as low as possible; furthermore, reiterates the importance of digitalising all reporting, monitoring and audit;	No specific reference in the Review Report.
75 calls on the Commission and the Member States to publish periodically up-to-date data on final beneficiaries and on transferred funds , for the sake of public trust and transparency; calls on the Commission to establish an integrated, interoperable, and easy to use system which contains information on all EU co-financed projects, beneficiaries and beneficial owners, contractors and subcontractors and which is able to aggregate all amounts received by the same beneficiary or beneficial owner;	No specific reference in the Review Report.
77. Urges the Commission to ensure that the evaluation of the milestones and targets achieved by the Member States as part of their NRRPs will be based on a comprehensive and transparent assessment of the milestones and targets in all their dimensions, in particular their quality;	Work ongoing.
78. Recalls that Member States are required to set up robust control and audit systems in order to guarantee the protection of the financial interests of the Union and to prevent and tackle fraud, corruption and conflicts of interest and secure	The Review Report, page 6, reads: "Finally, it is worth stressing that in the first phase of RRPs' implementation, Member States fulfilled a number of milestones to support the use of investments at national level, while ensuring adequate control systems. For instance, Italy introduced new administrative procedures to simplify and standardise the set of obligations for businesses accessing RRF funds, and

transparency, and that the Commission is responsible for assuring that these systems are in place and fully functioning before the first payments are approved ; recalls that payments are to be disbursed upon achievement of milestones and targets;	developed a repository system for monitoring the implementation of the RRF across regions. Similarly, France improved the control and audit system by setting out roles and responsibilities of the coordinating body and relevant ministries, introducing procedures for RRF data collection and storage and by defining the audit strategy ahead of payment requests"
79 urges the Commission to ensure effective monitoring, audit and enforcement of the full implementation of these requirements and to monitor ongoing compliance with any such measures through the entire lifecycle of the RRF; calls on the Commission to ensure a strong mechanism for regular auditing of Member States' control systems;	No specific reference in the Review Report.
80. Reiterates the important role of the European Court of Auditors, the European Public Prosecutor's Office, the European Anti-Fraud Office, the European Union Agency for Law Enforcement Cooperation (Europol) and the European Union Agency for Criminal Justice Cooperation and other relevant EU bodies and agencies calls on the Commission to cooperate with these institutions and bodies and to ensure that adequate control capacities are in place and that Member States grant them full access to all relevant information to exert their prerogatives;	No specific reference in the Review Report.
82importance of Commission undertaking a continuous , including ex-post, monitoring of the RRF expenditure, implementation and management data, ensuring full transparency	No specific reference in the Review Report.
Governance, transparency and visibility of RRF implementation	
85. Invites the Commission to follow an open, transparent and constructive approach during the Recovery and Resilience Dialogues and to observe the provision of Article 26(1) of the RRF Regulation as regards regular interactions with Parliament.	No specific reference in the Review Report.

88. invites the Commission to explore ways to establish a dialogue with representatives at the EU level of the relevant RRF stakeholders:

No specific reference in the Review Report.

90. Expects the **review report** on the implementation of the RRF prepared by the Commission to **provide extensive data** and analysis on the contributions of NRRPs to the implementation of the European Pillar of Social Rights, including the gender impact of NRRPs and their effective contribution to gender equality, as well as their support for SMEs and strategic autonomy;

These aspects are covered in the Review Report: in general terms, pages 9-10 read "More than a quarter of the total expenditure in the adopted plans is estimated to contribute to social expenditure, including on children and the youth. Given the importance of social spending in the aftermath of the COVID pandemic, the RRF Regulation empowered the Commission to adopt a delegated act establishing a methodology to report on social expenditure, including on children and the youth, under the Recovery and Resilience Facility (Art 29 (4) (b)). The methodology adopted by the Commission classifies all expenditure financed by the Facility relating to reforms and investments into nine broad policy areas, which are then aggregated into four social categories: (1) employment and skills, 2) education and childcare, 3) health and long-term care, and 4) social policies. A total of 135 billion EUR allocation contributes to social spending, which represents about 30% of the total estimated expenditure. Around one third of this amount is dedicated to spending on education and childcare, another one third on health and long-term care, while the rest is divided between spending on employment and skills, and social policies.

So far, payments with fulfilled milestones and targets related to measures in health, economic, social and institutional resilience, and smart and sustainable and inclusive growth are the largest in size (roughly EUR 10 billion each). Around 8 billion EUR has been paid out to the fulfilment of milestones and targets related to the green transition and social and territorial cohesion. The remaining EUR 6 billion of estimated expenditure are divided between the digital transformation and policies for the next generation, children and the youth."

In addition, the Commission report addresses gender issues on pages 24 to 27:

"RRF and gender equality

Equality considerations feature prominently in the RRF, although they do not constitute a formal criterion for the Commission's assessment of national plans. The RRF Regulation requires Member States to explain how their respective plans contribute to gender equality and equal opportunities for all, in line with the principles 2 and 3 of the European Pillar of Social Rights and with Sustainable Development Goal (SDG) 5 (achieve gender equality and empower all women and girls) and, where relevant, with the national gender equality strategy.23 The Regulation also requires Member States to describe the coherence and complementarity of their measures with other policies as well as with funding from other EU sources, including from the European Social Fund+ (ESF+).

The general objectives of the Regulation specify that the Facility shall pay special attention to women in mitigating the impact of the crisis (see in particular Article 4 and Article 18(4)(o)). In addition, the scope of the Facility includes pillar 4 (see Article 3(d)), which focuses on social and territorial cohesion,

where the notion of 'social' includes improving gender equality and equal opportunities. Equality considerations are also addressed through the aim to reduce social vulnerabilities, which is part of one of the assessment criteria of the plans.

Finally, Article 17(3) of the Regulation requires that the plans address all or a significant subset of the challenges identified in the relevant CSRs, including those addressed to Member States in 2019 and 2020 which were directly or indirectly linked to the objective of improving gender equality.

During the preparation of the plans, the Commission consistently called on Member States to reflect equality considerations in their national plans. In line with the dual approach of the Gender Equality Strategy, the Commission encouraged Member States to include targeted measures to promote equality as well as to mainstream equality considerations throughout the plans.

Reporting on gender equality in the implementation of the Recovery and Resilience Plans

The Commission has promoted the development of reporting tools at EU and Member State level 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. To this end, the Commission adopted two delegated acts a) on the recovery and resilience scoreboard and common indicators and b) the ex-post reporting on social expenditure. They both entered into force on 2 December 2021.

These delegated acts contain several provisions to track the gender impact of the RRF:

- Delegated Regulation (EU) 2021/2106 establishes 14 common indicators against which Member State report on the progress towards the objectives of the Facility and four of these common indicators require disaggregation of data by gender. In order to track the RRF contribution to gender equality, the Commission, in consultation with Member States, assigned in its assessment tools a flag to measures with a focus on gender equality, in line with the methodology set out in Delegated Regulation (EU) 2021/2105.26

Importantly, due to methodological constraints, the ex-ante nature of the assessment and the performance-based nature of the RRF, the real impact and expenditure on gender equality cannot be directly derived from the plans themselves.

Measures having a focus on gender equality in national plans

Based on the attribution by the Commission of gender equality flags to the respective measures of the plans, in consultation with Member States, 129 measures in the 25 plans adopted as of 30 June 2022 are considered to have a focus on gender equality. See the breakdown per Member State in figure 13.

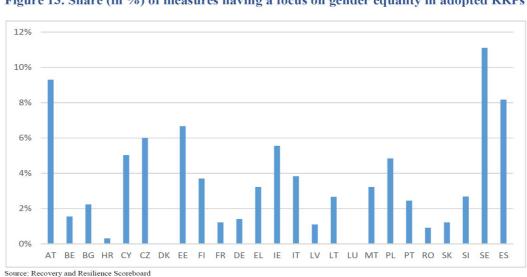


Figure 13. Share (in %) of measures having a focus on gender equality in adopted RRPs

While specific measures mostly contribute to pillars 4 (Social and territorial cohesion), 5 (Health, and economic, social and institutional resilience), and 6 (Policies for the next generation) of the RRF, gender equality is also supported through measures contributing to pillars 1 (Green transition), 2 (Digital transformation) and 3 (Smart, sustainable and inclusive growth).

For instance, some measures supporting the green transition under pillar 1 contribute to gender equality objectives (e.g. Belgium, Czech Republic, Finland, Slovakia and Spain), by promoting training in green skills among women or creating and renovating childcare facilities with higher energy efficiency.

In measures supporting the digital transition under pillar 2, several Member States (e.g. Cyprus, Estonia, Finland, Latvia, Portugal, Spain, and Sweden) have included actions to improve girls' and women's digital skills as well as equal representation in STEM and ICT (e.g. Portugal, Italy).

Under pillar 3 on smart, sustainable and inclusive growth, some Member States mainstreamed gender equality considerations by including measures to improve access to finance for women entrepreneurs and to support start-ups owned by women. Similarly, there are measures to help women improve their entrepreneurial skills. Several Member States also introduced specific gender-based reporting obligations or targets (e.g. Cyprus, France, Italy, Portugal, Slovenia, and Spain).

Measures under pillar 4 include reforms to reduce the pension gender gap (e.g. Austria), improve worklife balance and working conditions (e.g. Croatia and Slovenia), and to reinforce gender mainstreaming in

active labour market policies (e.g. Spain), as well as investments to incentivise participation of women in the labour market (e.g. Italy), and to improve women's financial literacy (e.g. Cyprus).

Many measures to strengthen the health and long-term care systems under pillar 5 aim to improve the quality and delivery of formal and informal care at both national and regional or local level, reducing care responsibilities that are often taken up by women in the households (e.g. Austria, Czech Republic, Estonia, Italy, Lithuania, Slovenia, Spain, Sweden). In addition, some measures will specifically contribute to supporting socially disadvantaged pregnant women and to improving the working conditions for professions predominantly occupied by women, such as nursing (e.g. Austria and Sweden).

Finally, measures under pillar 6 include reforms and investments to increase access to early childhood education and care (e.g. Austria, Belgium, Cyprus, Czech Republic, Germany, Greece, Italy, Poland, Slovakia and Spain), which constitutes an important aid and condition for supporting women's participation in the labour market.

To date, 13 measures with a focus on gender equality include fulfilled milestones and targets, see few examples below.

Examples of measures with a focus on gender equality with fulfilled milestones and targets

Italy has created a fund to support women's entrepreneurship and envisaged investment to prevent potential vulnerabilities in families, including by supporting parents of children aged 0-17.

Greece established a new framework to improve work-life balance and close the gender employment gap. **Portugal** provided new digital equipment in schools to promote the equal development of digital skills for girls and boys and support equal participation in STEM.

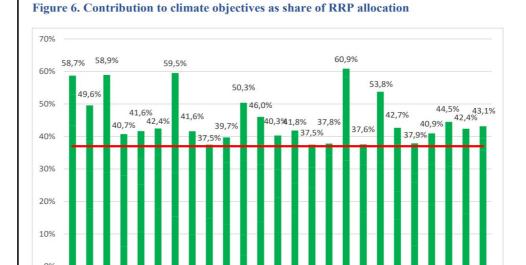
Spain introduced new obligations for employers to ensure equal pay for men and women and pay transparency. This reform will help identify discriminatory situations due to incorrect job assessments (i.e. lower pay for work of equal value). In addition, it revised the compensation for parents, primarily mothers, for the cost of a birth and childcare, in order to reduce the gender pension gap in the long run."

Some reporting on the support on SMEs is included in page 15 and following, whilst the illustration of the contribution to the strategic autonomy is included in pages 19-21.

91. Calls on the Commission to assess whether the legally specified **spending targets of 37% green spending and 20% digital spending are likely to be reached** as planned during the implementation phase of the RRF

The Review Report provides extensive information as regards the assessment phase of the RRPs.

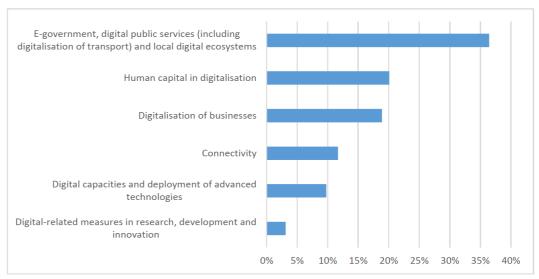
"The reforms and investments proposed by Member States have exceeded the 37% target. Total estimated climate expenditure in the adopted plans amounts to EUR 198 billion, about 40% of the total plans' allocation as calculated according to the climate tagging methodology.



Source: Recovery and Resilience Scoreboard.

The Recovery and Resilience Facility provides a significant contribution to the digital transformation in the Union. Plans include a range of measures, including deployment of next generation digital infrastructures and advanced technologies, digital skills development for the population and the workforce, and support to the digitalisation of enterprises as well as of public services. A total of EUR 141 billion will contribute to the digital transformation pillar, and distributed across digital policy areas as shown in figure 7.





Source: Recovery and Resilience Scoreboard.

The percentage relates to the overall share tagged under this policy pillar of the 25 plans adopted as of 30 June 2022.

To date, 44 milestones and targets contributing to the digital pillar have been fulfilled. A few examples drawing from payment requests which have been positively assessed are presented below.

Examples of measures with fulfilled milestones and targets

Italy awarded contracts for the development of a Digital Tourism Portal and launched calls for identification of national projects for the IPCEIs on microelectronics and cloud.

Spain adopted its Digitalisation of SMEs Plan 2021-2025 and a Digital Competences Plan.

Portugal signed contracts for the purchase of 600 000 new laptops to lend to teachers and pupils and selected 17 Digital Innovation Hubs which will support companies in their digitalisation efforts.

France adopted six 'acceleration strategies' for innovation in key digital technologies (quantum technologies, cybersecurity, Digital education, cultural and creative industries, 5G, cloud).

Greece launched a call for commercial banks under their RRF loan facility. At least 20% of the funding will support digital objectives.

Croatia established a Unit for Implementation and Management of Digital Transformation Projects in the Ministry of Agriculture, which will ensure the achievement of at least 30 digitalised public services, operational Smart Agriculture platform and publicly accessible traceability information system.

The reforms and investments proposed by Member States have exceeded the 20% digital target; total digital estimated expenditure in the adopted plans amounts to EUR 127 billion, 26% of the total allocation of the plans as calculated according to the digital tagging methodology

Figure 8. Contribution to digital objectives as share of RRP allocation



The Review Report includes additional information on the green transition pillar on pages 11 to 12 (and on the digital transition from page 12 to 15).

92. Expects the **review report** on the implementation of the RRF prepared by the Commission to **provide information on the bottlenecks**, where relevant, **that prevent the adequate implementation of NRRPs**;

No specific reference in the Review Report.

93 invites the Commission to improve and enhance the capabilities of the scoreboard to ensure a high degree of visibility and accountability for the RRF; welcomes the fact that the scoreboard contains gender-disaggregated data for indicators expressed with a headcount;	No specific reference in the Review Report.
94. Urges the Commission to enforce the provision that Member States should provide the data necessary to report on progress with regard to the six pillars of the RRF Regulation and thereby enable every citizen to monitor the implementation of the RRF;	No specific reference in the Review Report.
95 calls on the Commission to better reflect the tracking of the implementation of the 20 principles of the European Pillar of Social Rights through complementary social and gender indicators included in the thematic analysis of the scoreboard;	No specific reference in the Review Report.
96. Calls on the Commission to present complementary indicators included in the thematic analysis of the scoreboard to track Member States' performance on biodiversity and cohesion and competitiveness;	No specific reference in the Review Report.
97 encourages the Commission to publish detailed analysis of the positive effects of the RRF by highlighting good practices in the implementation of the national NRRPs and recommendations for overcoming implementation obstacles and improving the effective use of the funds;	No specific reference in the Review Report.
98 urges the Commission to actively support Member States in absorbing those funds , so that RRF funds are successfully disbursed across the Union;	No specific reference in the Review Report.
102 invites the Commission to recommend a harmonised approach and standard for displaying information on the	No specific reference in the Review Report.

implementation of the RRF at national and regional level,	
Lessons learned from the RRF so far	
103urges the Commission to explore and to present different scenarios on how lessons learned from the design and implementation of the RRF could inspire the review of the EU's macro-economic governance framework, in particular with regard to achieving more transparency, democracy, involvement, coordination and oversight;	No specific reference in the Review Report.
104 calls on the Commission to ensure that equal treatment for both institutions would be applied in future EU initiatives;	

Annex 2: The European Parliaments' resolution and public available information $^{\,2}$

EP Resolution of 23 June 2022	Observations (*)		
Mitigating the s	Mitigating the social and economic impact of the crisis		
Assess overall effectiveness of RRF spending, avoiding overlaps and ensuring coordination among neighbouring Member States and explain how the Commission has encouraged Member States to foster synergies with NRRPs of other Member States	RRPs are "nationally" based and Member States are free to decide where they will be investing, provided that the legal requirements set out in the RRF regulation are met. There are no legal provisions allowing the Commission or the Council to require a Member State not to include a certain measure in its RRP because another Member State is proposing measures with overlapping effects.		
	The Commission has tried to foster cross-border projects and acts as a facilitator of exchanges of best practices when Member States plan to invest in similar areas (e.g. Important Projects of Common European Interest). However, the uptake of cross border projects has been limited. The Commission could coordinate across its country teams to avoid clear duplications and overlaps among neighbouring countries.		
	State aid rules provide a safeguard against duplication of investments resulting in distortion of competition and or the internal market.		
Fin	ancing aspects of the RRF		
Provide further information to assess additionality of the RRF	No such reporting available so far.		
Actively support Member States in absorbing RRF funds to ensure successfully disbursement across the Union	Under the Technical Support Instrument (for details on the TSI, see specific EGOV briefing), the Commission can and is providing support to the Member States to facilitate implementation of the RRF (see Commission's specific website).		
National Recovery and Resilience Plans (NRRPs)			
Assess amended plans in accordance with RRF requirements	No Member State has submitted an amendment request at this stage.		
	On 18 May 2022, the Commission published a <u>guidance</u> including explanations on the general framework for the modification of the RRPs.		

 $^{^2}$ Reference date - 06 September 2022

Ensure compliance with the RRF criteria when assessing plans. As regards Hungary, ensure observance of rule of law	Reflected in the Commission's reports on RRF implementation, on the <u>article 16 report</u> , in each Staff Working Document accompanying the Commission's proposals for a Council decision (see RRF public documents <u>here</u>).
	As regards Hungary, see most recent information <u>here</u> .
Thoroughly assess milestones and targets, consulting relevant experts where needed, and ensure previous milestones and targets are not reversed and closely monitor implementation of reforms and investments and of each of the six pillars	Reflected in Commission's assessment of payment requests (see <u>here</u>).
Ensure the fast deployment of payments and reduce proportionally payments whether agreed milestones and targets are not satisfactory met	
Assess whether the legally specified spending targets of 37 % green spending and 20 % digital spending are likely to be reached as planned during the implementation phase of the RRF	The Commission provides information on the RRF Scoreboard and when assessing each plan (see here). Upon submission of a payment request, the Commission assesses whether the agreed milestones and targets are satisfactorily fulfilled, on the basis of the verification mechanism agreed with the Member States in the operational arrangements. The RRF Regulation does not require reporting on actual spending. In the framework of the EU Green Bonds Standards, there will be some reporting on green expenditure.
Risks t	o financial interests of the EU
Monitor carefully risks to EU financial interests; ensure continuous evaluation of rule of law observance and the sound financial management of EU funds; take appropriate measures to ensure early detection of abuse of EU funds	Reflected in the documents accompanying each proposal to adopt a plan and each payment request (see here where to find the relevant documents; see also below).
Make use of the provisions of the Regulation allowing it to recover grants or ask for early repayment of loans in case of breach of the obligations of Member States under the financing agreements, including as regards possible double funding	
Ensure costs are plausible and that proper cost analysis is being conducted in order to tackle fraud and corruption	The cost analysis is done when the plan is approved.

Insist on the use of the integrated and interoperable monitoring system including a single data mining and risk scoring tool (ARACHNE) for all RRF spending	
Provide information about the use of the IT systems set up by the Commission for Member States to report the relevant information on the implementation of the NRRPs	
Ensure ARACHNE is interoperable with all relevant software and datasets	
Assuring Member States have in place fully functioning robust control and monitoring systems before the first payments are approved and ensure a strong mechanism for regular auditing of Member States' control systems	See Commission's presentations on monitoring audit and control systems of <u>8 February 2022</u> and <u>13 October 2021</u> . It is to be recalled that Member States with not sufficient adequate audit and control systems have specific milestones to be achieved before the first payment request was handed in. This is being assessed whenever those Member States present their first payment requests. For an analysis focusing on payment requests up to beginning of March 2022 see here .
Cooperate with the EU control institutions and bodies and to ensure that adequate control capacities are in place	See Commission's presentations on monitoring audit and control systems referred to above.
	On the scoreboard
Ensure that granular data is made available in the RRF scoreboard, thus increasing the level of transparency and data available for visualisation	The Commission is improving the data available on the Scoreboard. To illustrate, recently the Commission made available links to additional sources of information notably:
	For macro data on the recovery from the COVID-19 crisis: <u>Eurostat Recovery dashboard</u>
	For key data on resilience: <u>Resilience dashboard</u>
	For data on specific policy areas:
	 Social Scoreboard (currently under maintenance)
	o <u>Digital Economy and Society Index</u>
	o <u>Transitions Performance Index (TPI)</u>
Improve and enhance the capabilities of the scoreboard to ensure a high degree of visibility and accountability for the RRF	

Better reflect the tracking of the implementation of the 20 principles of the European Pillar of Social Rights through complementary social and gender indicators included in the thematic analysis of the scoreboard Facilitate more regional methods of monitoring implementation through the scoreboard Present complementary indicators included in the thematic analysis of the scoreboard to track Member States' performance on biodiversity and cohesion and competitiveness	No modification to the Scoreboard has been made at this stage to facilitate regional reporting. No particular modification to date to address this concern.
Transparency; re	porting; requests for further information
Provide a study to check the extent to which the RRF contributes to creating jobs in sectors where one gender is predominantly represented and the accompanying measures contribute sufficiently to increasing the presence of the least represented gender in those sectors	No particular reporting available at this stage.
Publish periodically up-to-date data on final beneficiaries and on transferred funds and establish an integrated, interoperable, and easy to use system containing information on all EU co-financed projects, beneficiaries and beneficial owners, contractors and sub-contractors and which is able to aggregate all amounts received by the same beneficiary or beneficial owner	Replying to a "strategic initiative" launched by the EU Ombudsman, the Commission noted that publication of data regarding the beneficiaries is not mandatory (see pages 5 and 6). On 16 May 2022 the Commission proposed an amendment to the rules for EU budget management, aiming also at increasing transparency.
Provide additional reporting, focusing on outcome and impact indicators rather than output	No such reporting is available at this stage.
Provide extensive data and analysis on the contributions of NRRPs to the implementation of the European Pillar of Social Rights, including the gender impact of NRRPs and their effective contribution to gender equality, as well as their support for SMEs and strategic autonomy in the article 16 review report	See notably pages 23 to 28 of the <u>article 16 review report</u> ; see also Commission's presentations of <u>16 June 2022</u> ; <u>2 December 2021</u> .
Include in the article 16 review report information on the bottlenecks, where relevant, that prevent the adequate implementation of NRRPs	No information on the Review Report on this issue.

Explore ways to establish a dialogue with representatives at the EU level of the relevant RRF stakeholders	
Follow an open, transparent and constructive approach during the Recovery and Resilience Dialogues and to observe the provision of Article 26(1) of the RRF Regulation as regards regular interactions with Parliament	Recovery and Resilience Dialogues are taking place and the Commission is attending the meetings of the Recovery and Resilience Facility Working Group (see here).
Make available the operational arrangements	The Commission is making available the signed operational arrangements, with the agreement of the Member States, in its RRF webpage (here).
Governance, transp	arency and visibility of RRF implementation
Provide a qualitative analysis of the reforms and investments proposed	Some information to be found in Commission's Staff Working Document accompanying the draft Council Conclusions for adoption of the plans (see here)
Assess the contribution of the investments earmarked for the green transition under the NRRPs to the achievement of the new 2030 climate and energy targets set out in the respective revised NECPs	No specific reporting has been made at this stage on the energy targets set out in the revised National Energy and Climate Plans.
Provide details whether the principle that the RRF does not finance national recurring budgetary expense is adhered to and any related justifications	Information can be found in each Commission's Staff Working Document accompanying the draft Council Conclusions for adoption of the plans (see here). No information available so far on how this is being adhered to when implementing the plans on the ground.
Provide detailed analyses of the access of the private sector to RRF funding	No specific information available at this stage.
Assess the reasons preventing Member States to ask for loans	No specific information available at this stage. Loans are referred as a possible additional source of financing under the RePowerEU package.
Provide an analysis of how coordination of the RRF and Partnership agreements is ensured	As of 6 September 2022, 19 <u>Partnerships Agreements</u> have been signed. No specific information is available on the articulation being made between the RRF and partnership agreements.
Publish detailed analysis of the positive effects of the RRF by highlighting good practices in the implementation of the national NRRPs and recommendations for overcoming implementation obstacles and improving the effective use of the funds	

Recommend a harmonised approach and standard for displaying information on the implementation of the RRF at national and regional level	See Commission's <u>reply</u> to a "strategic initiative" launched by the EU Ombudsman (pages 4 and 5). The Commission recalls that there is no requirement for a harmonised format for information disclosure in the RRFR.
Lessons learned from the RRF so far	
Explore and to present different scenarios on how lessons learned from the design and implementation of the RRF could inspire the review of the EU's macro-economic governance framework, in particular with regard to achieving more transparency, democracy, involvement, coordination and oversight	See Commission's presentation of 22 March 2022
Ensure equal treatment for Parliament and Council in future EU initiatives	

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