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COMMISSION STAFF WORKING DOCUMENT

Analysis of the recovery and resilience plan of France

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 10162 2021 INIT; ST 10162 2021 ADD 1) of 6 July 2021 on the approval of the assessment of the recovery and resilience plan for France

{COM(2023) 374 final}

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Table of contents

1. EXECUTIVE SUMMARY

In 2022, Russia's invasion of Ukraine led to a surge in energy and commodity prices in France. Inflation remained high and economic growth slowed sharply due to supply bottlenecks, rising energy and commodity prices, and supply shortages. To tackle these challenges, France submitted on 20 April 2023 a modified national Recovery and Resilience Plan (RRP), including a REPowerEU chapter to the Commission. For the modification of its RRP, France has relied on the following legal bases: Article 18(2) of Regulation (EU) 2021/241 (RRF Regulation) to take into account the updated maximum financial contribution published on 30 June 2022 and Article 21(1) of the RRF Regulation, requesting the Commission to make a proposal to amend the Council implementing decision considering that its RRP is partially no longer achievable because of objective circumstances. In addition, with the view to support measures of its REPowerEU chapter, France relied on Article 21c of the RRF Regulation, requesting the allocation of the amount available from the Emissions Trading System (ETS) revenues and Article 21b(2) in order to use the resources transferred from the Brexit Adjustment Reserve (BAR) under Article 4a of Regulation (EU) 2021/1755.

The modification submitted by France affects 13 measures on the basis of Article 18(2) of the RRF Regulation and 18 measures on the basis of Article 21(1) of the RRF Regulation. In addition, errors of a clerical nature that do not reflect the content of the initial plan submitted by France have been identified in the text of the Council Implementing Decision and France proposed corrections.

The REPowerEU chapter submitted by France includes three new reforms, three new investments and one scaled-up measure from the initial RRP that increase the resilience, the security and sustainability of the Union's energy system. The reforms concern (1) the law on the acceleration of renewable energy production, (2) the 'energy sobriety plan', and (3) the setting up of a General Secretariat for Ecological Planning. The new investments include (1) the decarbonisation of industry, (2) the production and uptake of renewable and fossil-free hydrogen and (3) the energy renovation of public buildings belonging to the state. Finally, the scaled-up measure concerns the energy renovation of private housing.

Based on the assessment of the submitted modification and the REPowerEU chapter, the French modified plan receives an A-rating on all criteria (including the two additional criteria for the REPowerEU chapter), except for costing, where the plan receives a B-rating (unchanged from the assessment of the initial plan).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	A	A	A	A	A	A	A	B	A	A	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

In 2022, Russia's invasion of Ukraine led to a surge in energy and commodity prices in France and the EU as a whole. The French government's measures largely mitigated the impact of the energy crisis on both households and businesses and France's inflation remained below other EU countries. However, inflation remained high at +5.9% in 2022 and economic growth slowed sharply (2.2% vs. 6.8% in 2021) amid supply chain disruptions and high energy and commodity prices. The 2023 Country Report[1] for France identified challenges related to inequalities in education, industry's transition towards net zero, the deployment of renewable energies, the extensive renovation of buildings, and skills necessary for the green transition, among others. In addition, France faces macroeconomic vulnerabilities, which are assessed in the In-depth Review 2023, related to the high public debt and weak competitiveness. The implementation of the reform on public finance management – which entered into force in 2022 – and the new mechanism to conduct annual public spending evaluations are expected to help curb public expenditure and put public debt on a sustained downward trend. In addition, the implementation of the productivity-enhancing investment in the RRP (to support the green and digital transitions and research) will be key to addressing the persisting structural competitiveness challenges. In the context of France's current challenges, the proposed revision of its RRP is twofold: including a new REPowerEU chapter to the original plan and modifying existing measures in line with the provisions of the RRF Regulation.

The French modified RRP adds a new REPowerEU chapter pursuant to Article 21c of the RRF Regulation. It includes three new reforms and three new investments (fossil-free industry, IPCEI hydrogen and the energy renovation of public buildings) to deliver on the REPowerEU objectives, as well as the upscale of one existing measure related to the energy renovation of private buildings. This chapter will further France's green transition and help address the current challenges, in particular those identified in the 'energy' recommendation addressed to France in 2022 in the framework of the European Semester.

Pursuant to Article 18(2) of the RRF Regulation, France requested modifications due to the downward revision of its maximum financial contribution, from EUR 39.37 billion to EUR 37.45 billion. The revision is part of the June 2022 update to the calculation of the maximum financial contribution and reflects France's comparatively better economic outcome in 2020 and 2021 than initially foreseen. Therefore, several investments have been removed or downsized and these adjustments amount to a total of EUR 1 912 million.

Pursuant to Article 21(1) of the RRF Regulation, France requested to modify existing measures of the plan considering that they were no longer achievable based on objective circumstances. These include the need to factor in the high inflation experienced in 2022, supply chain

[1] SWD(2023) 610 final

disruptions as well as the extended duration of the COVID-19 crisis. This both entails a modification in the format or implementation timeline of seven measures. In addition, France proposed to modify seven measures because of unexpected legal or technical difficulties as well as five measures in order to implement better alternatives to achieve or increase their original ambition.

The main elements of the amended RRP and REPowerEU chapter are listed below:

Component 1 (Buildings renovation)

France proposes to modify two reforms on the basis of Article 21 of the RRF Regulation. First, the reform concerning housing policy (C1.R1) has been modified to reflect France's new approach regarding public support to affordable housing supply. This led to a change in the description of the measure and the milestone (M1-2). Second, the milestone related to the reform addressing thermal regulation of new buildings (C1.R2) has been split into two milestones to reflect the later entry into force of the regulation for some specific tertiary buildings (M1-3 split into M1-3a and M1-3b), following the consultation process with the stakeholders. This also led to a change in the description of the measure. In addition, France proposes to adapt the timeline of the related investment regarding energy renovation and major rehabilitation of social housing (C1.I2): the start and end dates of renovation operations (in the description of the measure) have been aligned with the implementation date of a technical platform managing grant allocation, and with legal and regulatory requirements of the 'construction and housing code'.

Component 2 (Ecology and biodiversity)

In accordance with Article 18(2) of the RRF Regulation, France proposes to reduce the investment on securing water network (C2.I6) by EUR 20 million and to adapt the term 'sewage sludge' to 'dry sludge'. Other modifications have been introduced under Article 21 of the RRF Regulation for the following measures: for the Climate and Resilience Law (C2.R1), milestone 2-2 aiming at the entry into force of a decree on low emission zones is no longer relevant, since the setting up of such zones is directly applicable in the already adopted Law (M2-1); therefore, the decree on low emission zones becomes obsolete and is replaced by a target (T2-2) on the number of cities that will finalise the regulatory studies needed to implement such zones, in order to allow the tracking of progress on implementing the reform. This led to a change in the description of the measure. Concerning the decrees implementing the Law on circular economy (C2.R2), two out of three have been adopted and published in the Official Journal (O.J.), but the application of some provisions on recycling give more time to the industry to invest in new equipment, which needs to amend the description of the measure, and postpone the milestone by three years, as the formal entry into force of those decrees is postponed (namely M2-3, with the introduction of another milestone M2-3a). Finally, for the measure related to the prevention of seismic risks in the DOM (C2.I5), some works will not be achievable in the original timeframe and therefore the description of the measure needs to be adapted to current circumstances, without impacting the ambition of the target to be achieved.

Component 3 (Infrastructure and green mobility)

In accordance with Article 18(2) of the RRF Regulation, France proposes to remove the sub-measure supporting the purchase of clean heavy-duty vehicles (estimated cost of EUR 100 million) under measure C3.I2 ‘Support to demand for clean vehicles (automobile plan)’.

An additional two modifications under component 3 are based on Article 21 of the RRF Regulation. The first postpones the deadline of target 3-30 (new electrical connections on docks) for measure C3.I6 ‘Greening of harbours’ due to an increase in the cost of components and raw materials, causing delays in supply and difficulties with providers. The second updates the description of the measure C3.I5 ‘Greening of the State car fleet’ to reflect the final number of vehicles purchased (without changing the associated target and costs).

Component 4 (Green energies and technologies)

France proposes to scale down the investment concerning the first sub-measure for support to the aeronautics sector (C4.I3) by EUR 126 million and to adjust its targets (T4-10 and T4-12) accordingly based on Article 18(2) of the RRF Regulation. Furthermore, the description of the selection procedure has been clarified.

In addition, France proposes to entirely remove the sub-measure related to the launch of a State aid support scheme for the production of renewable and low-carbon hydrogen (M4-5, T4-6, T4-7), worth EUR 650 million based on Article 18(2) (C4.I2). The other sub-measure of this investment (M4-8, T4-9) related to the IPCEI remains unchanged.

Component 5 (Financing of businesses)

In accordance with Article 18(2) of the RRF Regulation, France proposes to remove from the plan the investment concerning the ‘contribution to regional investment funds’ (C5.I1), leading to the removal of two targets (T5-3 and T5-4) and to a reduction of EUR 250 million.

Component 6 (Technological sovereignty and resilience)

The target (6-4) concerning the preservation of employment in private R&D (C6.I1) is decreased and the cost proportionally adapted, on the basis of Article 18(2) of the RRF Regulation.

In accordance with Article 21(1) of the RRF Regulation, ‘BpiFrance’s support scheme is taken out of the list of PIA measures supporting innovative businesses (C6.I3) due to the administrative constraints induced by its specific granting procedures. The measure’s initial cost is left unchanged as this withdrawal is compensated by the scale-up of the two other support schemes within the same measure.

Component 7 (Digitalisation of State, territories, enterprises, Culture)

The modified plan includes, following the changes in application of Article 21 of the RRF Regulation, a new milestone (7-14a) on the assessment of the quality of public spending (C7.R5) to increase the ambition of the underlying measure by improving its monitoring. The original RRP included a milestone (7-14) on the annual assessment of the measures taken to improve the quality of public spending implemented in the 2023 budgetary law, but its timing did not coincide with the new spending review framework which entered into force in January 2023 and whose first results will only start to be factored in the 2024 budget law. This new milestone, due by 2025, will provide further assurance as to the effective implementation of this new mechanism to ensure that, as of 2023, regular public expenditure evaluations are duly conducted and their results factored into financial laws, so that they translate into expenditure savings and efficiency gains.

The investment in Culture (C7.I11) is deeply revamped with three sub-measures (press, book, and cinema sector plans) and targets (7-32, 7-33, 7-34) removed under Article 18(2) of the RRF Regulation for a total of EUR 309.5 million. Two additional sub-measures are adjusted on the basis of Article 21 of the RRF Regulation to reflect delays in renovation works linked to administrative constraints (T7-30) and a reduction in the number of renovation projects of cathedrals linked to rising construction costs (T7-28).

The measure on the Digital upgrade of companies (C7.I1) is revised under Article 18(2) of the RRF Regulation: the target 7-16 is decreased and costs adjusted downward by EUR 10.2 million to reduce the level of ambition and reflect implementation delays.

In accordance with Article 21(1) of the RRF Regulation, the description of the target (7-21) linked to the C7.I4 (Digital upgrade of the State Digital ID) is adjusted due to the technical impossibility to check the private usage of an application as captured by the previous indicator. The description of Investment C7.I8 (Administrative continuity: digital upgrading of the administration of the education system) is adjusted to reflect the implementation of an alternative more conducive to reaching the policy objective of the measure, in particular to address the need for secure data exchange with private companies working with the ministry of education.

Component 8 (Job protection, youth, disability, vocational training)

France proposes to downsize and modify five measures on the basis of Article 18(2) of the RRF Regulation, concerning five targets for a total of EUR 326.3 million.

Target 8-9 is reduced from 90 000 beneficiaries to 9 000 and investment C8.I2 (Reskilling through dual training programmes ‘Pro A’) is downsized by an amount less than proportional to the reduction in the target because the training programmes had to be adapted to labour market needs and their real costs are much higher than anticipated. More than one third of the dual trainings are in the health care sector, facing severe labour and skills shortages, and their cost is especially high.

Target 8-13 is reduced from 2 500 jobs created to 2 000 and investment C8.I6 (Creation of jobs for youth in the sports sector) is downsized by an amount less than proportional to the reduction in the target because the aid was increased by EUR 2 000 in 2023, to make it more attractive in comparison to alternative schemes.

Target 8-16 is reduced from 100 000 beneficiaries to 36 000 and investment C8.I9 (State-backed guarantees for student loans) is downsized by an amount more than proportional to the reduction in the target, in order to reflect adjustments made to the measure to address its lack of attractiveness. The maximum amount that can be borrowed has been increased from EUR 15 000 to 20 000 euros to make loans more attractive for students compared to loans that can be offered by banks.

The description of investment C8.I10 (Personalised pathways for youth aged 16-18 who do not observe training requirements) is changed without reducing the ambition because the overnight stays foreseen in the programme could not take place due to the COVID-19 crisis.

Target 8-25 is reduced from 15 000 to 11 000 training centres having implemented digitalised training and is postponed until 2025. France also proposes to adjust and downsize related investment C8.I18 (Digital educational content: platforms for digital content) in line with feasibility studies suggesting to re-focus the investment on only two of the four envisaged strands of activity. The name of the measure is also modified to reflect those adjustments.

France proposes to modify three measures on the basis of Article 21(1) of the RRF Regulation. First, the description of investment C8.I6 (Creation of jobs for youth in the sports sector) is modified to take into account that the age limit of the support scheme has been increased from 25 to 30, because associations using the scheme are de facto looking for people who are typically older than 25, who have completed their studies. Second, the achievement of target 8-14, relating to investment C8.I7 (Boarding schools for excellence) is postponed by 15 months because construction and renovation works were interrupted during the COVID-19 crisis and delayed by disruptions on supply chains. The description of the investment is modified accordingly. Third, the reference to the jobseekers ‘starter pack’ is deleted from the description of investment C8.I22 (Increase of resources for Pôle Emploi) because the COVID-19 crisis prevented its implementation.

Component 9 (Research, Health and Dependence, Territorial cohesion)

Two measures (C9.I2 Modernization and restructuring of hospitals and healthcare provision and C9.I3 Renovation of medico-social establishments) are modified on the basis of Article 21(1) of the RRF Regulation (delays in construction works and increase in construction costs) and as a consequence two targets are adapted: the intermediary target 9-8 ‘Number of investment projects in the construction, energy renovation and modernisation of medical establishments’ is downsized from 20 to 10 by the end of 2024, and the baseline of the final target (T9-9) is hence modified from 20 to 10 as well. But the ambition of the final target 9-9 of 30 investment projects by mid-2026 remains for investment C9.I2 (Modernisation and restructuring of hospitals and care supply)). For investment C9.I3 (Renovation of medical and social establishment, target 9-12 is downsized from 36 000 residential units built or renovated to 32 200 due to inflation and supply chain disruption.

Component 10 (REPowerEU)

Under the REPowerEU chapter and based on Article 21c of the RRF Regulation, France has proposed measures amounting to EUR 2.8 bn in total costs for three new investments, one upscaled measure and three new reforms.

New measures:

- Fossil-free industry (C10.I1)

EUR 294 million of the REPowerEU chapter finances the decarbonisation of industry. The measure aims to support investments in decarbonising industrial heat, energy efficiency and process change investments in industry to reduce fossil energy consumption and therefore greenhouse gas emissions. The scheme is implemented by ADEME (Agency for the Ecological Transition), which acts as an operator on behalf of the General Secretariat for Investment (SGPI). The measure contributes to the objectives described under Article 21c(3), points (b) and (d) of the RRF Regulation. The measure comprises three categories:

1) production of biomass heat: investment projects consisting of the installation of a new biomass boiler replacing a fossil fuelled unit. The biomass solution shall meet the sustainability and greenhouse gas emission savings criteria set out in Articles 29-31 and the rules on food and feed-based biofuels set out in Article 26 of the Renewable Energy Directive 2018/2001/EU (REDII), and related implementing and delegated acts.
2) large-scale projects (over EUR 3 million) on energy efficiency and improvement of industrial processes: projects to reduce greenhouse gas emissions and energy consumption through single or combined investments such as investments in energy efficiency, waste heat recovery, changes in production processes, electrification.
3) small decarbonisation projects mainly carried out by SMEs: projects covering similar types of investments to sub-measure 2, but for smaller projects (less than EUR 3 million).

- IPCEI Hydrogen (C10.I2)

The aim of the investment is to develop the industrial sector from an ecological, technological and economic point of view. Its ambition is to reduce emissions while enabling industries to better store energy and promoting the emergence of renewable energy. The hydrogen envelope of the ‘France 2030’ plan allows for the financing of IPCEI Hydrogen projects. The REPowerEU chapter finances four IPCEI projects on hydrogen for a total of EUR 651 million. Project Genvia contributes to the objective described under Article 21c(3), point (b) of the RRF Regulation. Genvia is a research, development and innovation (RDI) project of a solid oxide electrolyser cell (SOEC) which would significantly improve performance as compared to current electrolyser technology. The remaining three projects, that is Hyvia, Faurecia and Arkema, contribute to the objective described under Article 21c(3), point (e) of the RRF Regulation. Hyvia is a development and industrialisation project of light commercial hydrogen vehicles (Renault models Kangoo, Master and Traffic) and development and industrialisation of four generations of fuel cells. Faurecia works on the development and industrialisation of two generations of carbon fibre light gaseous hydrogen tanks and one generation of reservoirs to store hydrogen in cryogenic form. The project Arkema is expected to develop advanced materials for mobility, such as new generation polymeric membranes for fuel cells.

- Energy renovation of public buildings belonging to the state (C10.I3)

EUR 100 million of the REPowerEU chapter are to support the energy renovation of public buildings belonging to the state, with the objective of reducing energy consumption of such buildings in the very short term, i.e., for the next winter 2023-2024. The aim of this new investment is to reduce energy consumption as well as the dependence on fossil fuels of the state's building stock, by selecting the most efficient projects under two calls for projects ('Resilience 1 and 2').

This measure contributes to the objective described in article 21c,(3), point (b) of the RFF Regulation.

Upscaled measure:

- Energy renovation of private housing, including energy sieves (C10.I4)

France adds EUR 1.8 billion for the years 2024 and 2025 to the measure for the energy renovation of private housing, including energy sieves (C1.I1), known as 'MaPrimeRénov'. This support-scheme is currently being revised in order to strengthen the dynamics of decarbonisation of the heating systems and accelerate the deployment of larger-scale renovations and the gradual elimination of thermal sieves. This measure contributes to the objectives described under article 21c(3), points (b) and (c) of the RRF Regulation.

New reforms:

- The law on the acceleration of renewable energy production (C10.R1)

The law aims at simplifying permitting procedures and speeding up the planification of renewable energy projects and contributes to objective 21c(3)(b), (c) and (e) and (f). The Law, which was adopted on March 10, 2023, aims at solving the main bottlenecks that currently hinder the deployment of renewable energy: it will in particular facilitate the granting of permits and define 'acceleration zones' conducive to the rapid development of projects, in particular for wind power, solar (including thermal, photovoltaic and agrivoltaic) and methanization.

- The General Secretariat for Ecological Planning (C10.R2)

The General Secretariat for Ecological Planning, set up in July 2022, is placed under the responsibility of the Prime Minister. It will coordinate national strategies in the field of ecological transition (energy, climate, biodiversity, circular economy, etc), mobilise Ministries as well as stakeholders and measure the performance of actions taken in those fields and contributes to objective 21.3(b), (c) (d), (e) and (f).

- Energy sobriety plan (C10.R3)

Adopted in October 2022, the 'energy sobriety plan' aims at reducing energy consumption by 10% by 2024 in comparison to winter 2018-2019 in all sectors and contributes to objective 21.3 (b), (c) and (d). It includes 15 flagship initiatives covering a range of sectors (housing, transport, industry, etc.) and targeting public and private actors.

Table 1: New and modified components and associated **costs.**

Component	Status	Costs (EUR million)
Buildings renovation	Modified	5 825
Ecology and biodiversity	Modified	2 066
Infrastructure and green mobility	Modified	6 930
Green energies and technologies	Modified	4 519
Financing of businesses	Modified	0
Technological sovereignty and resilience	Modified	3 095
Digitalisation of State, territories, enterprises, Culture	Modified	1 781
Job protection, youth, disability, vocational training	Modified	7 152
Research, Health and Dependence, Territorial cohesion	Modified	7 671
REPowerEU	New	2 826

Other elements not covered by assessment criteria

The description of aspects related to administrative organisation, gender equality and equal opportunities for all, consultation process, security self-assessment for digital investments and the planned communication strategy as reflected in the previous Staff Working Document (2021) 173 final remains relevant.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility (RRF). Union funds channelled through the authorities of Member States, like the RRF funds, become state resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[2]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the

[2] Annex to the Communication to the Commission of 9 March 2023 on the Approval of the content of a draft for a Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty; available at: https://competition-policy.ec.europa.eu/system/files/2023-03/GBER_amendment_2023_EC_communication_annex_0.pdf

State aid analysis carried out by France in the RRP cannot be deemed a State aid notification. In as far as France considers that a specific measure contained in the RRP entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of France to ensure full compliance with the applicable rules.

3. Summary of the assessment of the plan

3.1. Comprehensive and adequately balanced response to the economic and social situation

Table 2: Coverage of the six pillars of the Facility by the new or modified components

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
C1. Buildings renovation	●		●	●		
C2. Ecology and biodiversity	●		●	●	●	
C3. Infrastructure and green mobility	●	●	●	●	●	
C4. Green energies and technologies	●	●	●	○	●	
C5. Financing of businesses			●	○	●	
C6. Technological sovereignty and resilience	●	●	●	○	○	○
C7. Digitalisation of State, territories, enterprises, Culture	○	●	●	○	●	○
C8. Job protection, youth, disability, vocational training	●	●	○	●	○	●
C.9 Research, Health and Dependence, Territorial cohesion	●	●	●		●	●
REPowerEU	●		●	●		○

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

The modified RRP including the REPowerEU chapter covers in a comprehensive manner the six pillars structuring the scope of application of the Facility (Article 3): (i) green transition, (ii) digital transformation, (iii) smart, sustainable and inclusive growth, (iv) social and territorial cohesion, (v) health and economic, social and institutional resilience, and (vi) policies for the next generation. The coverage of the French plan's components toward the six pillars is summarised in Table 2. All pillars are covered by at least one component, while a component may contribute to several pillars.

The range of actions of the modified RRP including the REPowerEU chapter corresponds to the objectives of the Facility with an appropriate overall balance between pillars. Allocations to the green and digital transitions (of respectively 48.9% and 21.6%) exceed the requirements of the RRF Regulation (respectively 37% and 20%), and the modified plan therefore contributes to these pillars significantly.

Green transition

France's modified plan - including the REPowerEU chapter - focuses significantly on supporting the green transition, with now five components (1 to 4 and 10) dedicated to this pillar, (see also section 3.5)

The REPowerEU chapter - Component 10 - presents reforms and investments amounting to EUR 2.8 billion that France intends to deploy in order to strengthen its independence and energy efficiency. This chapter will reinforce the investments contained in the initial plan for the energy renovation of private housing (MaPrimeRénov). In addition, the REPowerEU chapter also contains three new investments aimed at decarbonising the industry, fostering green R&I and boosting energy efficiency in buildings: the Hydrogen IPCEI, the fossil-free industry measure, and the measure related to the energy renovation of public buildings belonging to the state.

The removal of the sub-measure 'support to the production of decarbonised hydrogen' (sub-measure of C4.I2) from the initial plan is counterbalanced by the addition of projects in the hydrogen sector under the REPowerEU chapter. Similarly, measures addressing the REPowerEU objectives in the transport sector have been added to the REPowerEU chapter, thus compensating for the removal of the sub-measure supporting the purchase of clean heavy vehicles (C3.I2) from the initial plan. These projects will contribute indirectly to fostering the deployment of renewable energies by increasing demand, hence contributing to the green transition. It must be noted that while the modification of the plan reduces the ambition of certain measures regarding the green transition, with the inclusion of the REPowerEU chapter, France's modified plan bolsters its green ambition and responds to REPowerEU objectives (see also 3.5 'Green Transition').

Digital transformation

The digital transformation still represents a significant part of France's modified plan and the ambition has not been reduced compared to the initial plan. The modified RRP continues to significantly contribute to the digital transition of the businesses and the administration, to improve the country's connectivity, and to the development of digital skills of the workforce, the pupils, and the population, with an expected lasting impact. The main impact of the revision concerns measures from component 8 with a decrease in the contribution to the digital target of

EUR 205 million. However, the digital contribution of the modified plan remains similar to the one of the initial plan as the decreases brought by the revision are proportional to the decrease in allocation. The digital challenges identified for France - such as connectivity, skills, and digitalisation of businesses - are still covered by the modified plan (see also section 3.6).

Smart, sustainable and inclusive growth

Modifications of three measure (C4.I3 - Support plan to the aeronautics sector; C5.I1-Contribution to regional investment funds and C6.I1- Preserving R&D employment) have resulted in a slight reduction of the contribution of the modified plan to this pillar.

Despite these changes, the modified plan still includes several measures spread across different components aiming to strengthen France's competitiveness and productivity, as well as to improve research, development and innovation. Investments and reforms in green, research, innovation and digitalisation projects, are set to bring about an immediate positive effect on GDP growth. Moreover, beyond their short-term effects on growth derived from higher investment expenditure, the measures in the plan in the areas of digitalisation and research and innovation are expected to entail positive effects on total factor productivity and on labour productivity and thus on overall potential growth.

Social and territorial cohesion

Despite a number of changes affecting component 8 (job protection, youth, disability, vocational training), the expected contribution of the modified plan to social and territorial cohesion remains of the same magnitude as in the initial plan. The reform to strengthen territorial cohesion is still included in component 7. Territorial cohesion is supported by the entry into force of Law '3Ds' to enhance the efficiency of public services by promoting differentiation, decentralisation, deconcentration and simplification. Together with the constitutional law on the 'right to differentiation', these reforms allow for a transfer of powers from the state to local communities. Component 8 is still dedicated to social and territorial cohesion through investments earmarked to fostering worker mobility on the labour market through access to training, in line with current and future skills needs, as well as to supporting the labour market integration of the youth and persons with disabilities.

Health, and economic, social and institutional resilience

Measures of the initial plan contributing to health have not been altered or have been amended to a marginal extent. In particular, the measure C9.I3 Renovation of medico-social establishments has been modified on the basis of Article 21(1) of the RRF Regulation (delays in construction works and raise in construction costs). Concerning institutional resilience, the revised plan includes a new milestone (7-14b) on the assessment of the quality of public spending (C7.R5). This new milestone, due by 2025, will provide further assurance as to the effective implementation of their new mechanism to ensure that, as of 2023, regular public expenditure evaluations are duly conducted and their results factored into financial laws, so that they translate into expenditure savings and efficiency gains.

Policies for the next generation

The sixth pillar remains covered by the measures and investments proposed mainly under component 8. Modifications of three measures (C8.I6: Creation of jobs for youth in the sports sector, C8.I9: State-backed guarantees for student loans and C8.I10: Personalised pathways for NEET youth aged 16-18) have slightly decreased the contribution of the modified plan to this pillar.

Youth employment is and remains one of the priorities of the plan, with a large number of measures intended to facilitate young people's integration into the labour market (notably through hiring subsidies for apprenticeships and professionalisation contracts and recruitment of young people under 26 years old) and to provide training towards future-oriented sectors and to help those who are far from the labour market by offering reinforced and personalised support.

Conclusion

Overall, the measures proposed in France's modified plan pursue the general objective of the Facility by promoting the Union's economic, social and territorial cohesion, structured in the six pillars of Article 3 of the RRF Regulation.

Taking into consideration all reforms and investments envisaged by France, its modified RRP – including its REPowerEU chapter – is expected to represent to a large extent a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of France into account. This would warrant a rating of A under the assessment criterion 2.1 in Annex V to the RRF Regulation.

3.2. Link with country-specific recommendations and the European Semester

The modified plan continues to effectively address all or a significant subset of the challenges identified in the relevant country-specific recommendations (CSRs). As compared to the initial plan's assessment, the challenge 'Firms access to finance' (CSR 2020.3.1) was considered fully implemented in the latest 2023 CSR assessment[3] and thus not relevant anymore. France also made substantial progress on the following challenges (notably through the implementation of measures included in the RRP), that renders them no longer relevant as well for the assessment of the modified plan:

- Improve connectivity across the territory (CSRs 2019.3.3, 2020.3.7);
- Resilience of the health system (CSR 2020.1.2);

[3] COM(2023) 610 final

- Decrease emissions in the transport sector (CSR 2020.3.4);
- Invest and simplify R&D (CSRs 2019.3.1, 2020.3.8);
- Complex pension system (CSRs 2019.1.4, 2022.1.4);
- Simplify the tax system and reduce taxes on production (CSRs 2019.4.1, 2020.4.3)
- Mitigate the employment and social impact of the crisis, including by promoting skills (CSRs 2020.2.1 and 2020.2.2);
- Front-load mature public investment projects and promote private investment to foster the economic recovery (CSRs 2020.3.2, 2020.3.3);
- Expand public investment for the green and digital transitions (CSR 2022.1.2).

However, the finalisation of the investments and reforms of the revised RRP (including those present in the REPowerEU chapter), could help further address these challenges.

As regards the main changes brought by the modification of the plan, the removal of the sub-measure ‘support to the production of decarbonised hydrogen’ (sub-measure of C4.I2) is counterbalanced by additional projects in the hydrogen sector under the REPowerEU chapter. In a similar manner, the removal of the sub-measure supporting the purchase of clean heavy vehicles (C3.I2) which contributed to the decarbonisation of the transport sector, is now addressed by the hydrogen project Hyvia in the REPowerEU chapter. These projects will contribute indirectly to fostering the deployment of renewable energies by increasing demand, hence contributing to CSRs 2019.3.2 and 2020.3.5. In the initial plan’s assessment, the measure ‘contribution to regional investment funds’ (C5.I1), which is removed in the modified plan, was considered relevant to achieve CSR 2020.3.1. This challenge is currently assessed as ‘fully implemented’ and thus not considered as relevant for the revised RRP assessment. The sub-measure ‘bonus for clean heavy vehicles’ (C3.I2), which is removed in the modified plan, and the support plan for aeronautics (C4.I3), which is reduced, contributed to the challenge ‘Decrease emissions in the transport sector’ (CSR 2020.3.4). This challenge is considered no longer relevant for this assessment as the corresponding country-specific recommendation (CSR 2020.3.4) is currently assessed at ‘substantial progress’. Despite reductions of some measures (e.g. C8.I2, C8.I6, C8.I9, C8.I10, C8.I18), the overall ambition of the component 8 is preserved and it is still considered as addressing challenges of high unemployment (CSRs 2019.2, 2020.2), labour market integration (CSR 2019.2.1, 2020.2.3), skills mismatches (2019.2.2, 2020.2.2), and education of vulnerable groups (2019.2.1). The rest of the revision does not impact significantly the coverage of the CSRs by the plan.

The addition of the REPowerEU chapter will contribute to reinforce the ambition of the plan as regards the relevant CSRs related to the energy transition. Notably, efforts to improve energy efficiency and reduce fossil fuel dependence (CSRs 2019.3.2, 2020.3.5, 2022.3.1, 2022.3.3) will be considerably increased with the renovation measures (the scale-up measure on the renovation of private housing, and the new measure concerning the renovation of state-owned buildings) as well as the decarbonisation of industry (measure ‘fossil-free industry’). The IPCEI on hydrogen will also contribute to developing and increasing the demand for renewable energy (CSRs 2019.3.2, 2020.3.5, 2022.3.2). It will also contribute to the decarbonisation of transport (CSR 2020.3.4). The law on the acceleration of renewable energy production will contribute to foster the deployment of renewable energies and improve the legal framework, as mentioned in CSR 2022.3.2.

Taking into consideration the reforms and investments envisaged by France, its modified recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the modified recovery and resilience plan represents an adequate response to the economic and social situation of France. This would warrant a rating of A under the assessment criterion 2.2 in Annex V of the RRF Regulation

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

The nature and extent of the proposed modifications to the French RRP, which consist mostly in reducing some measures in line with the revised financial envelope while retaining the overall ambition of the initial plan, do not have an impact on the previous assessment (Rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in the previous assessment (rating of A) of the plan and detailed in the Staff Working Document (2021) 173 under criterion 2.3 of Annex V to the RRF Regulation.

3.4. The principle of 'do no significant harm'

The modifications of the measures included in the RRP do not have an impact on the assessment of the principle of 'do no significant harm' which remains identical.

France's REPowerEU chapter includes a systematic assessment of each measure against the principle of 'do no significant harm' (DNSH), for each of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation. While France's assessment often stresses the environmental and climate benefits of measures in this assessment, it also provides information allowing to assess that measures will comply with the **'do no significant harm'** principle – for instance by providing reassurance that the implementation of the existing EU and French legislative framework will prevent any significant harm, or by indicating that any measure that could have had a significant impact has been carved out from funding under the Recovery and Resilience Facility.

For some measures where calls for projects or calls for interest are necessary to select specific projects, ensuring adherence with the 'do no significant harm' principle will require introducing specific safeguards in the milestones associated with each measure, to monitor the implementation of the measures. This is the case for instance for the 'fossil-free industry' measure (C10.I1).

Specific safeguards have also been introduced for measures included in the Plan that could potentially lead to investments being made in installations falling within the scope of the EU Emission Trading System (ETS). This is the case in particular for the measure 'fossil-free industry' (C10.I1). To comply with the 'do no significant harm' principle, the selected projects need to ensure that greenhouse gas emissions following the investment end up below the relevant benchmark for free allocation relevant to the activity concerned. To that end, it has been necessary to reflect this requirement in the relevant provisions and milestones.

In addition, specific requirements have been included to ensure that biomass solutions under the measure fossil-free industry (C10.I1) meet the sustainability and greenhouse gas emission savings criteria set out in Articles 29-31 and the rules on food and feed-based biofuels set out in Article 26 of the Renewable Energy Directive 2018/2001/EU (REDII), and related implementing and delegated acts.

Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in France's modified RRP, including its REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'). This would warrant a rating of A under the assessment criterion 2.4 of Annex V to the RRF Regulation.

3.5. Green transition

The modifications did not impact the contribution of the plan to the green transition as well as the initial assessment. With the REPowerEU chapter, France responds to the REPowerEU objectives and increases its ambitions regarding the green transition, overall compensating for the withdrawn or reduced measure. The modified RRP continues to significantly contribute to the green transition, including biodiversity, as well as to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050.

The measures withdrawn or reduced do not impact the overall ambition of the plan regarding the green transition while the REPowerEU chapter brings a significant effort to further support the green transition of France.

The REPowerEU chapter is deemed ambitious as regards the green transition since all the reforms and investments contribute integrally to reducing the reliance on fossil fuels, increasing energy efficiency and improving the regulatory framework enabling the fight against climate change.

For the climate target, the main impact concerned the withdrawal of two sub-measures (1) Support scheme for renewable and low-carbon hydrogen production (sub-measure of C4.I2) and (2) Eco-bonus for clean heavy vehicles (sub-measure of C3.I2), that removed in total EUR 750 million from the climate contribution of the French RRP. However, this deduction is nearly proportional to the decrease in the grant allocation. The climate contribution of only the revised part of the plan (components 1 to 9, without REPowerEU chapter) thus remains comparable to the one of the initial plan and stands at EUR 17.3 billion or 46.3% (46.0% for the original plan) of the revised RRF grant allocation (see Annex I).

The climate contribution of the REPowerEU chapter is of 91.6% (EUR 2.59 billion) of the total estimated cost of the REPowerEU chapter of EUR 2.82 billion which is well above the 37% target set out in the RRF Regulation.

In total, the whole RRP (including revised measures and the REPowerEU chapter) contributes at 49.5% (EUR 19.94 billion) of France's total contribution (including the REPowerEU allocation amount and the and transfer from the Brexit Adjustment Reserve) of EUR 40.27 billion to the climate target, which is also well above the target of 37% required by the RRF Regulation.

Taking into consideration the assessment of all the measures envisaged, the modified RRP, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contribute to the climate target. At least 37% of the total estimated costs of the REPowerEU chapter contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation

3.6. Digital transition

The modification of the plan did not impact its ambition towards the digital transition as well as the initial assessment. The modified RRP continues to significantly contribute to the digital transition of the businesses, the administration and to increasing the digital skills of the workforce, the pupils, and the population, with an expected lasting impact.

The measures withdrawn or reduced do not impact the overall ambition of the plan regarding the digital transition. The main impact of the revision concerns measures from component 8 with a decrease in the contribution to the digital target of EUR 205 million. However, the deductions caused by the revision of the plan are nearly proportional to the decrease in the maximum financial contribution. Hence, the contribution to the digital transition of the modified RRP (excluding the REPowerEU chapter) stands at 21.6% (EUR 8.1 billion) of France's revised maximum contribution of EUR 37.5 billion, which is above the required target of 20% set out in the RRF Regulation. None of the measures included in the REPowerEU chapter were identified as contributing to the digital transition.

Taking into consideration the assessment of all the measures envisaged, the modified RRP is expected, to a large extent, to make a significant contribution to the digital transition and ensures that at least 20% of its total allocation (excluding the measures in the REPowerEU chapter) contribute to support digital objectives. This would warrant a rating of A under criterion 2.6 of Annex V to the RRF Regulation.

3.7. Lasting impact of the plan

The modified RRP does not reduce the ambition of the initial plan as a whole. It takes into account the reduced grant allocation, the prolonged impact of the COVID-19 crisis[4], inflation and supply chain disruptions, as well as some unexpected legal or technical difficulties for the implementation of some measures. It also includes a new REPowerEU chapter which, in addition to the existing measures, is also expected to have lasting positive effects on the French economy and further boost its green transition. In particular, the REPowerEU measures are expected to contribute to the green transition by supporting France's decarbonisation effort, energy transition and reduce its energy dependence. The REPowerEU measures for the decarbonisation of industry and energy renovation of private and public buildings are expected to have a lasting impact on the reduction of greenhouse gas emissions. The REPowerEU chapter will also contribute to the financing of the IPCEI (Important Project of Common European Interest) on hydrogen, contributing to the development of the renewable and fossil-free uptake of hydrogen production pathway with an expected long-lasting impact on reducing long-term emissions. Reforms included in the REPowerEU chapter are also expected to have a long-lasting impact on France by helping to reduce energy consumption of all sectors in France under the 'energy sobriety plan' (*Plan de sobriété énergétique*), simplifying permitting procedure for renewables under the law on the acceleration of renewable energy production (*Loi d'accélération de la production des énergies renouvelables*), and establishing the General Secretariat for Ecological Planning (SGPE), increasing policy consistency and supporting France's commitment to European Green Deal objectives.

The nature and extent of the proposed modifications to the French RRP do not have an impact on the previous assessment (rating of A) of the lasting impact of the plan under criterion 2.7 of Annex V to the RRF Regulation.

3.8. Milestones, targets, monitoring and implementation

The milestones and targets of the modified French RRP enable an adequate monitoring of the plan's implementation. Each of the new reforms and investments introduced under the new REPowerEU chapter includes at least one target and/or milestone that contains the key elements of the measure and allows for the assessment of the achievement of its objectives. This new chapter includes a set of twelve new milestones and targets (reforms will be monitored by three milestones, investments by five milestones and four targets). For reforms taking the form of a new legal act such as the law on the acceleration of renewable energy production (C10.R1), the milestone is the entry into force of the new piece of legislation, capturing the actual

[4] The prolonged impact of the COVID-19 crisis for example delayed construction works (for example for investment C8.I7 boarding schools for excellence) or prevented the organisation of in-person trainings (for example related to investment C8.I22 on the increase of Pôle Emploi).

implementation of new provisions. Other milestones set for reforms are based on the achievement of decisive steps in the implementation process, such as the setting up of a new General Secretariat for Ecological Planning (C10.R2) with new missions and prerogatives or the publication of an 'energy sobriety plan' (C10.R3) outlining concrete actions adapted to each sector of activity. These milestones are clear and realistic as they reflect decisive steps towards the complete implementation of each reform.

The performance of the investments included in the new REPowerEU chapter will be assessed on the basis of the achievement of multiple milestones and targets monitored by each public entity in charge of implementing the measures. Milestones are also foreseen to monitor the key implementation stages of the hydrogen projects and fossil-free industry measure. The targets chosen – some of which build on existing targets for the upscaled measure - are consistent with the objectives, cost estimates and implementation schedule of each measure and quantified by specific indicators reflecting the result of the works undertaken (for example, the number of hydrogen light commercial vehicles manufactured or the number of completed renovation projects of public sites belonging to the state).

Aside from the changes made under Article 18(2) of the RRF Regulation, which reflect the downward revision of France's maximum grant allocation, the adjustments made to the plan's 175 original milestones and targets do not affect the plan's overall level of ambition and may, in some cases, help clarify monitoring procedures and better assess the achievement of some key measures. The modified plan includes, for instance, an additional milestone on the annual assessment of the measures taken to improve the quality of public spending (T 7-14a), due by 2025, to provide further assurance as to the effective implementation of France's new spending review mechanism.

In addition, and as further developed below (see 3.10 Audit and Control), France has sufficiently described the relevant verification mechanisms, data collection systems and responsibilities that also can be qualified as clear, robust and effective to ensure effective completion of milestones and targets.

The arrangements proposed by France in its modified RRP are expected to be adequate to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators. This would warrant a rating of A under the assessment criterion 2.8 of Annex V to the RRF Regulation.

3.9. Costing

In general, France provided clear information and evidence on costs, including references to actual tender data. For modified measures, the proportionality of the cost modifications was assessed, based on the estimated unit costs in the original plan. For proportional reductions, the estimated costs were generally considered reasonable, plausible, cost-efficient and commensurate with the expected national economic and social impact, in accordance with the cost assessment of the initial plan. Measures with a non-proportional modification of the costs were assessed further together with the costs of new measures, for which France submitted cost estimates and information on the methodology used to develop them and provided further information and evidence upon request.

The assessment of these cost estimates and supporting documents shows that the majority of the costs of the new measures are well justified, reasonable, plausible and do not include costs covered by existing or planned EU financing and are commensurate to the expected economic and social impact of the envisaged measures. All reforms in the revised plan and the REPowerEU chapter do not bear any cost.

Reasonable costs

France provided actual data and supporting evidence for unit cost estimates, together with adequate explanations of the calculation methodology in a majority of cases. For modifications under article 21, any variations in unit costs due to objective circumstances, such as inflation in the case of measure C3.I5 'Greening of the State car fleet', were duly justified and supporting evidence was provided. For modifications under article 18, where the proportionality of the reduction was not immediately apparent, more detailed information was provided on the breakdown of the measure in order to ascertain whether it was indeed a proportional reduction. Non-proportional reductions were fully justified, for example due to a more accurate method of monitoring the implementation of the measure. In such cases, information was provided on the calculation of the estimated costs supported by actual data or clear indications of the information sources.

For the REPowerEU chapter, the cost estimates of the three new investments were justified using actual data, and a breakdown of the costs by sub-measure was provided where relevant. For the scaled-up measure, C10.I4 (Energy renovation of private housing, including energy sieves - MaPrimeRenov') the cost increase was considered justified and proportional to the initial plan, taking into account the increase in the price index of building maintenance and improvement works for residential buildings. The cost-related information in the REPowerEU chapter was sufficiently exhaustive, with clear explanations related to the methodology used to derive cost estimates.

Thus, depending on the level of evidence provided by France, the modified and new measures are assessed as having high or medium reasonability. The new measures included in the French recovery and resilience plan, including those in the REPowerEU chapter, also comply with the eligibility criteria set out in the RRF Regulation. No recurrent costs are included in the new measures. All costs are incurred for reforms and investments after February 2020 and after February 2022 for the measures in the REPowerEU chapter. Value-added tax (VAT) is not included in any of the cost estimates.

Plausible costs

The estimated costs are in line with the type of investments envisaged. For modified measures under article 18 and 21 actual data was provided, including tender data and national statistics. France provided actual tender data and agreements with national agencies as reference costs for new investments in the REPowerEU chapter. Links to evidence were provided for the scaled-up measure demonstrating the increase in costs. Overall, the cost estimates of the new and modified measures of the RRP are assessed as plausible.

No double Union financing

France has indicated that new and modified measures, including those in the REPowerEU chapter, funded under the RRF will not be financed by other Union funding. Furthermore, the systems set up to prevent, detect and correct double funding from the Facility and other Union programmes have not changed.

Commensurate and cost-efficient costs

The total cost of France's modified RRP is commensurate to the expected social and economic impact of the envisaged measures. The new and modified measures are expected to help effectively address a significant subset of challenges identified in the country specific recommendations (CSRs) in accordance with the initial plan. In addition, new measures in the REPowerEU chapter are also expected to address challenges identified in climate and energy relevant CSRs 2019.3.2, 2020.3.1, 2020.3.4, 2020.3.5, 2022.4.1, 2022.4.2, 2022.4.3. Furthermore, the modified plan is expected to strengthen social cohesion and social protection and the implementation of the European Pillar of Social Rights in line with the initial plan, while the new measures under the REPowerEU chapter aim to bolster France's green transition and reduce its energy dependence. Therefore, France's modified RRP is assessed as being in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Conclusion

The justification provided by France on the amount of the estimated total costs of the modified RRP is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

France provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified RRP to be financed under the Facility is not covered by existing or planned Union financing.

This would warrant a rating of B under the assessment criterion 2.9 of Annex V to the RRF Regulation.

3.10. Controls and audit

The previous assessment had concluded on the adequacy of the control and audit arrangements proposed by France (Rating of A) under criterion 2.10 of Annex V to the RRF Regulation, subject to the timely fulfilment of the milestone (M7-35) pertaining to the organisation of the system and the treatment of data and organisation of audits. The additional assurances referred to in the annex to the initial Council Implementing Decision - namely a circular signed by the

Prime Minister outlining the roles and responsibilities of the coordinating body and ministries as well as the procedure for collecting and storing data and a report describing the audit work on payment claims - were provided as part of France's first payment request and the corresponding milestone (M7-35) considered as satisfactorily fulfilled, as reflected in COM (2022) 1248.

The Prime Minister's circular of 5 August 2022 (No 6369-SG) revises the monitoring and control procedures set out in the previous circular (No 6300-SG) by i) transferring the coordination of the plan to a dedicated unit within the Directorate General of the Treasury which will remain under the joint authority of the Prime Minister's office and the Ministry for the Economy, Finance and Industrial and Digitial Sovereignty ii) further clarifying the prerogatives and audit procedures of the national audit and control coordinator (CICC) to better distinguish between controls under the responsibility of the 'Commission interministérielle de coordination des contrôles' (CICC) and those falling under the responsibility of implementing bodies (ADG) iii) adjusting the reporting schedule. These changes are of a procedural nature and do not affect the robustness of France's audit and control arrangements.

Similarly, the nature and extent of the proposed modifications to France's RRP do not impact the positive assessment mentioned above as the new investments and reforms included in the REPowerEU Chapter will be subject to the same audit and control procedures as the ones currently in place for the other measures of the plan.

The arrangements proposed by France in the modified RRP to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from the Facility and other Union programmes, are assessed to be adequate. This would warrant a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

3.11. Coherence

The modified RRP presented by France is structured as 10 coherent components, which support the common objectives of stimulating the recovery of the French economy, contributing to the twin transition and increasing France's resilience to meet the challenges of the twenty-first century on the path of sustainable and inclusive growth. The modification of the resilience plan amends the nine existing components, and brings an additional (10th) component, the REPowerEU chapter.

Each component is built around consistent packages of both reforms and investments, with mutually reinforcing or complementary measures as explained hereafter.

Mutually reinforcing measures

The modifications to the RRP do not alter negatively the components' coherence, nor the coherence of the plan as a whole. They do not alter the way they are mutually-reinforcing. The additional REPowerEU chapter is fully in line with the measures deployed under the initial RRP to support the green transition and further reinforces the ambition of some of them, in particular with the scale-up of the measure related to energy renovation of private housing, as well as the support for the decarbonisation of industry and the IPCEI Hydrogen. The REPowerEU chapter is built around a consistent package of both reforms and investments that are mutually reinforcing to support the decarbonisation of industry and energy renovation of buildings in France, as the reforms are expected to improve the efficiency and impact of the proposed investments.

Complementarity of measures

The modifications made to the existing nine components of the RRP do not alter negatively the way these components are complementary. The additional component related to REPowerEU's objectives, on its side, brings a new complementarity layer as it includes new and scaled-up measures following three complementary axes focused on energy. The first axis is to develop and manufacture innovative technologies related to the hydrogen value chain, including electrolysers for the production of renewable and fossil-free hydrogen. The second axis is increase investments to promote energy efficiency through the scale-up measure (energy renovation of private housing (MaPrimeRénov) and one new measure supporting rapid energy efficiency gains in public buildings belonging to the state. The last axis is on fossil-free industry with investments in decarbonising heat, investments in energy efficiency and reducing fossil energy consumption and greenhouse gas emissions while promoting renewable energy (e.g., reform on simplifying permitting procedures). At the level of the modified plan, all components pursue complementary aims – with no contradictory aims.

In order to promote wider coherence across instruments, notably with the European cohesion policy funds, a balanced territorial allocation of resources is encouraged.

Taking into consideration the qualitative assessment of all components of France's modified RRP, their individual weight (importance, relevance, financial allocation) and their interactions, the plan contains measures for the implementation of reforms and public investments which, to a high extent, represent coherent actions. This would warrant a rating of A under the assessment criterion 2.11 of Annex V to the RRF Regulation.

3.12. REPowerEU

France's REPowerEU chapter contributes to the objective of decarbonising industry and increasing the share and accelerating the deployment of renewable energy (Article 21c (3), point (b) of the Regulation). Through the IPCEI Hydrogen measure, France will contribute to supporting the uptake of fossil-free and renewable hydrogen by furthering research in more effective hydrogen production and improving the industry's production capacity and market distribution. By decarbonising heat, improving energy efficiency, and changing the industrial processes – under the new measure 'fossil-free industry' – France's investment will have a lasting impact on reducing fossil fuel consumption and greenhouse gas emissions and increasing the uptake of renewable energy in the industrial sector. The new investment on the energy renovation of public buildings belonging to the state aims at reducing energy consumption and dependence on fossil fuels in the very short term, thanks to rapid energy gains measures. The upscaled measure (see section 2) will also contribute to this objective by improving the energy efficiency of private buildings and financing more global renovations as compared to the first iteration of the measure MaPrimeRénov. Furthermore, these investments are accompanied by three reforms that will directly respond to the objective described under Article 21c (3) point (b): the law on the acceleration of renewable energy production will increase the share and accelerate the deployment of renewable energy in France, and the 'sobriety plan' will boost energy efficiency in buildings. The role of the General Secretariat for Ecological Planning (SGPE) will also contribute to France's efforts in greening the energy sector (both on the production and consumption sides), in line with the objectives defined in article 21.3(b). All of these measures are expected to have a long-lasting impact.

Energy poverty, under Article 21c (3) point (c), is addressed most notably through the upscaling of 'MaPrimeRénov' by improving the energy efficiency of private housing, in particular of thermal sieves, which will help the poorest households to reduce their energy bills. The sobriety plan also encourages households to keep their energy consumption under control by adopting better habits, thus helping reduce energy poverty. In addition, the measures supporting renewable energy developments through IPCEI Hydrogen and the law on the acceleration of renewable energy production will transform the way energy is consumed and produced with the aim of reducing energy costs in the long-term, which will also contribute to tackling energy poverty.

Under the 'fossil-free industry' measure, the REPowerEU chapter aims to reduce energy demand of companies, contributing to the objective described under Article 21c (3) (d). This measure will reduce energy consumption, in particular fossil fuels, in the industrial sector. All reforms included in the REPowerEU chapter also support this general objective, in particular the 'sobriety plan' with the ambition to reduce energy consumption by 10% by 2024, in comparison to winter 2018-2019. The 'energy sobriety plan' includes 15 flagship initiatives covering a range of sectors (housing, transport, industry, etc.) and targeting public and private actors.

Under the IPCEI Hydrogen measure, France invests in improving electricity storage through the research and development of reservoirs to store hydrogen (Faurecia project), contributing to the objective described under Article 21c (3) point (e). It also supports zero emissions transport by developing and industrialising light commercial hydrogen vehicles (Hyvia project) and by developing the materials required in hydrogen mobility (Arkema project). These measures support the transition toward greener technologies and transport, thus having a long-lasting impact on France's green transition. In addition, France will address energy transmission and distribution bottlenecks through the law on the acceleration of renewable energy production.

The objective described under Article 21c(3) point (f) is also addressed thanks to the law on the acceleration of renewable energy production, which will support the deployment of technologies linked to the green transition (e.g. solar panel, wind turbines, etc).

By increasing policy consistency and coordination across ministries and improving performance monitoring, the creation of the General Secretariat for Ecological Planning

(SGPE) is expected to contribute in a cross-cutting way to the objectives described under Articles 21c points (3) (b), (c) (d), (e) and (f) and facilitate, in particular, the implementation of the reforms and investments included in the REPowerEU chapter. Placed under the authority of the Prime Minister, this General Secretariat will coordinate national strategies in the field of ecological transition (energy, climate, biodiversity, circular economy, etc), mobilise ministries as well as stakeholders and measure the performance of actions taken in those fields, ensuring compliance with France's European and international commitments.

Furthermore, the REPowerEU chapter is coherent with France's original RRP and helps to extend the plans ambitions in terms of green transition. In addition to the two upscaled measures, the three new measures – IPCEI Hydrogen, fossil-free industry and energy renovation of state-owned buildings – complement measures in the first plan, namely C4.I2 Develop decarbonised hydrogen and C2.I1 Decarbonisation of industry and C1.I3 Thermal renovation of public buildings. France removed one sub-measure of C4.I2 aiming at introducing a support scheme for the production of hydrogen on the basis of Article 18.2 and France's reduced allocation, but it is compensated with financial support to projects selected under the IPCEI Hydrogen in the REPowerEU chapter, ensuring a sustained commitment on hydrogen. In addition, the three reforms will be able to support France's steps toward a green transition as planned in its RRP. By adding a reform aiming at accelerating the deployment of renewables, France addresses an aspect of energy policy that was not touched upon in the original RRP.

Moreover, the measures in the REPowerEU chapter are part of France's wider efforts to reach greater energy sovereignty and reduce its greenhouse gas emissions in view of the EU's 2030 climate reduction target of 55%. The new measures are fully complementary with the France Relance and France 2030 plans which fund measures to decarbonise industry, improve energy efficiency in buildings as well as to develop technologies to produce hydrogen through electrolysis and the manufacturing of hydrogen-based technologies.

Finally, it must be noted that consultations were held with stakeholders in the preparation of this chapter. Representatives of local and regional authorities were consulted on multiple occasions, including prior to the final publication of the amended RRFRegulation in order to inform them of the European response as well as to collect comments and suggestions concerning measures to be included in the chapter. The outline of the modified plan and the REPowerEU chapter were also presented to social partners in order to receive feedback. Finally, the Economic, Social and Environmental Council (CESE) was also consulted; indeed, the CESE is systematically consulted in the framework of the National Reform Programme.

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables, energy efficiency, an increase of energy storage capacities, and the reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V to the RRF Regulation.

3.13. Cross-border or multi-country dimension or effect

All the measures included in France's REPowerEU chapter have a multi-country or cross-border dimension.

The investment 'IPCEI Hydrogen' is a measure with a multi-country and cross-border dimension with the exception of the zero-emission transport project. In addition, by adding a new measure on energy renovation of public buildings, and by scaling-up measure C1.I1 Energy renovation of private housing, the plan contributes to increasing the pace of energy renovation of buildings with the goal of reducing dependency on fossil fuels and of reducing energy demand. These measures are complemented by the 'fossil-free industry' measure which also aims at reducing the dependency on fossil fuels and at reducing energy demand of the industry sector.

The total costs of these measures account for a total of EUR 2.6 billion representing more than 30% of the estimated costs of the REPowerEU chapter.

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border of multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V to the RRF Regulation.

REPowerEU measure	**Costs (EUR billion)**	**Contribution to the target in %**
IPCEI hydrogen	0.651	61.76%
Fossil-free industry	0.294	100%
Energy renovation of private housing	1.781	100%
Thermal renovation of public buildings	0.10	100%

ANNEX I: Climate tracking and digital tagging[5]

Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Climate**		**Digital**	
			Int. Field	**Coeff. %**	**Int. Field**	**Coeff . %**
C1.I1	Energy renovation of private housing, including energy sieves	1404.5	025bis	100%		
C1.I2	Energy renovation and major rehabilitation of social housing	500	025bis	100%		

[5] While the estimated cost of France's recovery and resilience plan exceeds the total allocation of non-repayable financial support to France, France will ensure that all spending related to the measures mentioned in this table as contributing to climate objectives are fully financed by the funds from the Recovery and Resilience Facility.

C1.I3	Thermal renovation of public buildings	3800	026bis	100%		
C1.I4	Energy renovation of very small enterprises (VSEs) and small and medium sized enterprises (SMEs)	120	024	40%		
C2.I1	Decarbonisation of industry	300	024	40%		
C2.I2	Urban densification: sustainable construction	350	050	40%		
C2.I3	Urban densification: brownfields	260	050	40%		
C2.I4	Biodiversity	185.5	050	40%		
C2.I7	Modernisation of sorting centres: modernisation of sorting centres for packaging and modernisation of sorting centres and for waste except packaging and recycling equipment	84	042/044	40%		
C2.I7	Modernisation of sorting centres: sorting at source, collection and valorisation of bio-waste	100	042/044	40%		
C2.I8	Recycling and reuse: reuse or repair for non-plastic products	21	042	40%		
C2.I8	Recycling and reuse: reduction, reuse and development of substitution solutions for plastic	40	042	40%		
C2.I9	Plant protein plan	70	047	40%		
C2.I10	Forests	150	037	100%		
C3.I1	Support to the railway sector: recapitalisation of SNCF Réseau - regeneration of national railways	2300	068	100%		
C3.I1	Support to the railway sector: recapitalisation of SNCF Réseau - renovation of engineering structures	1250	068	100%		
C3.I1	Support to the railway sector: recapitalisation of SNCF Réseau - regeneration of local railway lines	250	069	40%		
C3.I1	Support to the railway sector: regional railway lines	300	069	40%		
C3.I1	Support to the railway sector: development of rail freight	40	069	40%		
C3.I2	Support to demand for clean vehicles: Eco-bonus for light vehicles	885	N/A[6]	40%		
C3.I3	Daily mobility: development of public transport	900	073	100%		
C3.I4	Acceleration of works on transport infrastructure: deployment of electric charging points	100	077	100%		
C3.I4	Acceleration of work on transport infrastructure: modernisation of the CROSS network & Revision of	25			084	100%

[6] The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles); a 40% climate contribution coefficient for plug-in hybrid light-duty vehicles; and, in line with the criteria under the Taxonomy Regulation, a 100% climate coefficient for low-emission heavy-duty vehicles.

	the digital system of maritime affairs					
C3.I5	Greening of the State's fleet: Electric vehicles	97.4	N/A[7]	100%		
C3.I5	Greening of the State's fleet: Plug-in hybrid vehicles	57.6	N/A[8]	40%		
C3.I6	Greening of harbours: targeted actions in harbours (alternative fuels infrastructure part)	87.5	077	100%		
C3.I7	Strengthening the resilience of electricity networks and energy transition in rural areas	50	037	100%		
C4.I1	Innovate for the green transition (PIA4): Decarbonised hydrogen	500	022	100%		
C4.I1	Innovate for the green transition (PIA4): Decarbonisation of industry	300	022	100%		
C4.I1	Innovate for the green transition (PIA4): Sustainable agricultural systems	200	047	40%		
C4.I1	Innovate for the green transition (PIA4): Recycling and reincorporation of recycled materials	150	023	40%		
C4.I1	Innovate for the green transition (PIA4): Sustainable cities and innovative buildings (decarbonisation part)	100	022	100%		
C4.I1	Innovate for the green transition (PIA4): Digitalisation and decarbonisation of mobility (decarbonisation part)	100	022	100%		
C4.I1	Innovate for the green transition (PIA4): Biobased Products and Industrial Biotechnologies – Sustainable Fuels	200	022	100%		
C4.I2	Develop decarbonised hydrogen: IPCEI on decarbonised hydrogen	1275	032	100%		
C4.I3	Support plan to the aeronautics sector. Support to R&D (part contributing directly to the low-carbon economy – 70%)	959	022	100%		
C4.I3	Support plan to the aeronautics sector. Support to R&D (part contributing indirectly to the low-carbon economy – 30%)	411			009bis	100%
C6.I1	Preservation of employment in private R&D digital part (40%)	48			009bis	100%
C6.I2	Innovating for the resilience of our business models (PIA4): Cultural and creative industries	300			021bis	100%
C6.I2	Innovating for the resilience of our business models (PIA4) 5G and future telecommunications technology	300			054bis	100%
C6.I2	Innovating for the resilience of our business models (PIA4) Cloud Acceleration Strategy	300			055	100%
C6.I2	Innovating for the resilience of our business models	350			021quat	100%

[7] See footnote above.

[8] See footnote above.

	(PIA4) Quantum technologies				er	
C6.I2	Innovating for the resilience of our business models (PIA4)_Cybersecurity	200			021quin quies	100%
C6.I2	Innovating for the resilience of our business models (PIA4) Education and digital	350			012	100%
C6.I3	Supporting innovative businesses (PIA4) (climate-related part – 30%)	225	022	100%		
C6.I3	Supporting innovative businesses (PIA4) (digital-related part – 30%)	225			009bis	100%
C6.I4	Space Rocket launch system (digital-related part – 40%)	66			021quat er	100%
C6.I4	Space R&D projects	170			009bis	100%
C7.I1	Digitisation of companies	374.8			010	100%
C7.I2	Digital upgrade of the State and territories	500			011	100%
C7.I3	Cybersecurity of State services	136			021quin quies	100%
C7.I4	State digital upgrade: digital identity	30.3			011ter	100%
C7.I5	Equipment and infrastructure of the Ministry of the Interior	22.7			011	100%
C7.I6	Ministry of the Interior's applications	76.7			011	100%
C7.I7	Mobility and teleworking at the Ministry of the Interior	46.5			011	100%
C7.I8	Administrative continuity: digital upgrading of the administration of the education system	35			011	100%
C7.I9	Educational continuity: digital transformation of the school	131			012	100%
C7.I10	Developing access to higher education throughout the country thanks to digital	35			012	100%
C7.I11	Support for cultural sectors and heritage renovations. Ecological transition fund	13	026	40%		
C7.I11	Support for cultural sectors and heritage renovations. Modernisation plan for cultural higher education establishments (digital part)	5.6			055	100%
C7.I11	Support for cultural sectors and heritage renovations. Modernisation plan for cultural higher education establishments (renovation part)	64.4	026	40%		
C8.I1	FNE-Training digital part (20%)	160			108	100%
C8.I2	Reskilling through dual training programmes (Pro-A) digital part (40%)	54.4			108	100%
C8.I11	Creation of places in higher education	180			099	40%
C8.I12	Plan for youth: higher education for post-baccalaureate students	76			099	40%
C8.I13	‘Personalised guidance towards employment and autonomy’ (PACEA) and youth guarantee	233			099	40%
C8.I17	Distance training courses (PIC)	160			011	100%
C8.I18	Digital educational content: platforms for digital	152.2			011	100%

	content					
C8.I19	Additional allocation for the ‘Pro transitions’ associations (AT pro)	100			016	40%
C8.I20	Top-up of individual learning accounts for digital skills	25			108	100%
C8.I21	Increase of resources for France Compétences (climate-related part – 40%)	300	01	100%		
C8.I21	Increase of resources for France Compétences (digital-related part – 40%)	300			108	100%
C9.I1	Digital health	2000			095	100%
C9.I2	Modernisation and restructuring of hospitals and health care supply (‘investissements structurants’ – 50%)	1250	026	40%		
C9.I3	Renovation of medico-social establishments (‘PAI immobilier’ part)	1250	026	40%		
C9.I4	National suicide prevention hotline	2.94			013	100%
C9.I5	High-speed broadband plan (‘France Très Haut Débit’)	240			053	100%
C9.I6	Digital Inclusion	250			108	100%
C9.I7	R&D recovery strategy (National Research Agency) (climate part – 40%)	171.2	022	100%		
C9.I7	R&D recovery strategy (National Research Agency) (digital part – 40%)	171.2			009bis	100%
C9.I8	Support teaching, research, development and innovation ecosystems (PIA4) (climate-related part – 25%)	187.5	022	100%		
C9.I8	Support teaching, research, development and innovation ecosystems (PIA4) (digital-related part – 25%)	187.5			009bis	100%
C10.I1	Fossil-free industry – part1 - biomass heat	174.2	030	40%		
C10.I1	Fossil-free industry – part2 - energy efficiency large projects	90.8	024bis	40%		
C10.I1	Fossil-free industry – part3 - energy efficiency small projects	29.2	024	40%		
C10.I2	IPCEI hydrogen – Hyvia - RDI	51.0	022	100%		
C10.I2	IPCEI hydrogen – Hyvia – First industrial deployment (FID)	198.3	027	100%		
C10.I2	IPCEI hydrogen – Genvia - RDI	141.5	022	100%		
C10.I2	IPCEI hydrogen – Genvia – First industrial deployment (FID)	47.2	027	100%		
C10.I2	IPCEI hydrogen – Faurecia/Hy2Tech - RDI	35.3	022	100%		
C10.I2	IPCEI hydrogen – Faurecia/Hy2Tech – First	79.0	027	100%		

	industrial deployment (FID)					
C10.I2	IPCEI hydrogen – Arkema - RDI	39.2	022	100%		
C10.I2	IPCEI hydrogen – Arkema – First industrial deployment (FID)	59.8	027	100%		
C10.I3	Thermal renovation of public buildings	100	026	40%		
C10.I4	Energy renovation of private housing, including energy sieves	1 781	025bis	100%		