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## LEGISLATIVE ACTS AND OTHER INSTRUMENTS

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Subject: COUNCIL IMPLEMENTING DECISION amending Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Portugal

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## **COUNCIL IMPLEMENTING DECISION**

**of ...**

**amending Implementing Decision of 13 July 2021  
on the approval of the assessment of the recovery and resilience plan for Portugal**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility<sup>1</sup>, and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

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<sup>1</sup> OJ L 57, 18.2.2021, p. 17.

Whereas:

- (1) Following the submission of the national recovery and resilience plan ('RRP') by Portugal on 22 April 2021, the Commission proposed its positive assessment to the Council. On 13 July 2021, the Council approved the positive assessment by means of an implementing decision ('the Council Implementing Decision of 13 July 2021')<sup>1</sup>.
- (2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State is to be updated by 30 June 2022 in accordance with the methodology provided therein. On 30 June 2022, the Commission presented the results of that update to the European Parliament and to the Council.
- (3) On 26 May 2023, Portugal submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission.

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<sup>1</sup> See documents ST 10149/2021 and ST 10149/2021 ADD1 REV 1 at <http://register.consilium.europa.eu>.

- (4) The modified RRP takes into account the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241. It includes a request for loan support to support additional reforms and investments in accordance with Article 14(2) of Regulation (EU) 2021/241 and includes a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 13 July 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable because of objective circumstances. The modifications to the RRP submitted by Portugal concern 75 measures under Article 18(2) and Article 21 of Regulation (EU) 2021/241.
- (5) On 14 July 2023, the Council addressed recommendations to Portugal in the context of the European Semester. The Council recommended that Portugal, inter alia improves the effectiveness of the tax and social protection systems, enhances the transition towards a circular economy, reduces overall reliance on fossil fuels, accelerates the deployment of renewables by upgrading electricity grids and simplifying permitting, increases electricity interconnection, storage and digitalisation, and strengthens incentives for energy efficiency in buildings.

- (6) The submission of the modified RRP followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The summary of the consultations was submitted together with the modified national RRP. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission assessed the relevance, effectiveness, efficiency and coherence of the modified RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

Updates based on Article 18(2) of Regulation (EU) 2021/241

- (7) The modified RRP submitted by Portugal updates 35 measures to take into account the updated maximum financial contribution. Portugal has explained that because the maximum financial contribution increased from EUR 13 907 294 284<sup>1</sup> to EUR 15 540 390 877,<sup>1</sup> it was able to propose 21 new measures and to increase the ambition of existing investments.

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<sup>1</sup> This amount corresponds to the financial allocation after deduction of Portugal's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.

- (8) The modified RRP contains 21 new measures under component 1: National Health Service; component 2: Housing; component 3: Social responses; component 5: Investment and Innovation; component 6: Qualifications and Skills; component 10: Sea; component 12: Bioeconomy; component 15: Sustainable Mobility; component 16: Enterprises 4.0; component 17: Quality and sustainability of public finances; and component 19: Digital Public Administration.
- (9) These measures include three new reforms: the reform RE-C03-r38: Simplification and Effectiveness of the Social Security System introduces a single social benefit under component 3: Social responses; the reform TC-C12-r39: Promoting the circular economy and more efficient waste management establishes various actions to encourage recycling and recovery to divert waste away from landfills and incinerators under component 12: Bioeconomy; the reform TD-C17-r40: Simplification of the Tax System introduces a system to monitor and evaluate new and existing tax benefits by establishing a new technical unit to evaluate and monitor fiscal policies, and reducing the number of tax benefits, under component 17: Quality and sustainability of public finances.

- (10) These measures also include 18 new investments: investment RE-C01-i10 – NHS Technology Modernisation Programme, under component 1: National Health Service, which consists in the purchase of heavy medical equipment for hospitals; investment RE-C02-i07: Infrastructure for parcels of land for residential housing, under component 2: Housing, to construct or improve existing infrastructure for building parcels of land to be allocated to selected candidates; investment RE-C02-i08-RAA: Reinforcement of the social housing stock, under component 2: Housing, to deliver additional 3 640 dwellings to households; investment RE-C03-i07-RAA: Upgrading and expanding the network of residential care homes for the elderly (ERPis), under component 3: Social Responses, which expands and renovates existing facilities to provide specialised and continuous home care to the elderly in Azores; investment RE-C05-i07-RAM: Capitalisation instruments for companies in Madeira, under component 5: Investment and innovation, to provide loans guarantees to support enterprises in Madeira; investment RE-C05-i08: More Digital Science, under component 5: Investment and innovation, to accelerate the digital transition of the national Science & Technology System; investment RE-C05-i09: Scale-up: Mobilising Agendas/Alliances for Business Innovation, under component 5: Investment and innovation, to increase the number of processes, products, and services resulting from innovation agendas; investment RE-C05-i10: Scale-up: Green Agendas/Alliances for business innovation, under component 5: Investment and Innovation, to increase the number of processes, products and services resulting from green agendas; investment RE-C06-i06: Capacities in Science, under component 6: Qualification and Skills, to foster innovation and entrepreneurship in higher education institutions by, among others, supporting fundamental research and knowledge transfer; investment RE-C06-i07: More digital Impulse, under component 6: Qualification and Skills, to support agrarian and medical sciences education in taking up digital and technological advances and increase training capacity in digital skills; investment RE-C06-i08-RAM:

Extension of the Scientific and Technological Centre of Madeira (CITMA) building, under component 6: Qualification and Skills, which consists in the construction of three additional floors and extend the ground floor of the building that houses the CITMA; investment TC-C10-i05-RAA: Energy transition, digitalisation and reduction of environmental impact in the fisheries and aquaculture sector, under component 10: Sea, to support projects to improve energy performance, reduce waste production and firms' ecological footprint and promote circular economy in the fisheries and aquaculture sectors in Azores; investment TC-C10-i06-RAM: Oceanic technologies, under component 10: Sea, which consists in the construction of energy efficient multipurpose research vessel and in the purchase of unmanned vehicles for marine research; investment TC-C15-i06: Digitisation of Rail Transport, under component 15: Sustainable Mobility, to replace the signalling system of the Northern Line of the National Railway making it interoperable with the new high-speed rail line; investment TD-C16-i04: Industry 4.0, under component 16: Enterprises 4.0, to support projects to foster digital transformation of companies and improve their environmental sustainability; investment TD-C16-i05-RAA: Digital Capacity and Transformation of Enterprises in the Azores, under component 16: Enterprises 4.0, to support digitalisation of companies in the Azores and support the extension of Science and Technology Parks in Azores; investment TD-C16-i06-RAM: Enterprise 4.0, under component 16: Enterprises 4.0, to improve the SMEs business models in Madeira, making them more digital, competitive and resilient; investment TD-C19-i08: Intelligent Territories, under component 19: Digital Public Administration, to support planning and cities management based on data-driven tools and policies.

- (11) Furthermore, the modified RRP submitted by Portugal changes measures under component 1: National Health Service; component 2: Housing; component 3: Social Responses; component 4: Culture; component 10: Sea; component 11: Decarbonisation of Industry; component 16: Enterprises 4.0; component 19: Digital Public Administration and component 20: Digital school to reflect the updated maximum financial contribution. In particular, target 1.15 and target 1.18 and description of respective investment RE-C01-i01: Primary health care with more answers, under component 1: National Health Service; target 3.4 and target 3.5 of investment RE-C03-i01: New generation of equipment and social responses under component 3: Social Responses; target 3.15 of investment RE-C03-i04-RAA: Implementing the Regional Strategy for Combating Poverty and Social Exclusion under component 3: Social Responses; milestone 4.3 and description of respective investment RE-C04-i01: Cultural Networks and Digital Transition under component 4: Culture; target 4.8 and description of respective investment RE-C04-i02: Cultural heritage under component 4: Culture; description of investment TC-C10-i04-RAA: Development of the ‘Cluster do Mar dos Açores’ under component 10: Sea; target 11.3 and description of respective investment TC-C11-i01: Decarbonisation of industry under component 11: Decarbonisation of Industry; description of component 12: Bioeconomy; target 16.9 of investment TD-C16-i02: Digital Transition of Enterprises under component 16: Enterprises 4.0; description of investment TD-C19-i05: Digital transition of Madeira’s public administration, under component 19 – Digital public administration; milestone 19.18 of investment TD-C19-i06: Digital transition of the public administration in Azores under component 19 – Digital public administration; target 20.11, target 20.12 and description of respective investment TD-C20-i02-RAA:

Digital education (Azores) under component 20: Digital School; target 20.15, target 20.16, milestone 20.18 and description of investment TD-C20-i03-RAM: Accelerating the digitalisation of ARM education under component 20: Digital school are changed to increase the level of required implementation compared to the original RRP to reflect the increased allocation. In addition, target 4.12 of investment RE-C04-i02: Cultural Heritage under component 4: Culture; milestone 10.11 of investment TC-C10-i04-RAA: Development of the ‘Cluster do Mar dos Açores’ under component 10: Sea; milestone 19.25, milestone 19.26 and milestone 19.27 of investment TD-C19-i01: Redesign of public and consular services under component 19: Digital Public Administration; milestone 19.28 and milestone 19.29 of investment TD-C19-i05: Digital transition of Madeira’s public administration are added to increase the level of required implementation compared to the original RRP to reflect the increased allocation.

- (12) Portugal explained that in view of the new reform TD-C19-r42: New evaluation system to empower and rejuvenate the public administration workforce, which establishes a new SIADAP platform (Integrated System to Manage and Evaluate Performance in Public Administration), it was possible to include trainings done on the new SIADAP platform in investment TD-C19-i07: Public administration empowered to create public value, under component 19: Digital Public Administration. This concerns milestone 19.21. On this basis, Portugal has requested that the SIADAP platform training be included., The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (13) The modified RRP submitted by Portugal includes a request for loan support, to support seven additional measures consisting of five investments and two reforms, and to increase the ambition of one existing investment previously supported by loans, and to support five investments that were previously supported by non-repayable financial support.
- (14) Portugal requested loan support to finance five new investments. First, investment RE-C02-i09 Scaled-up measure: Support Programme for Access to Housing (loan) is added under component 2: Housing, to construct 126 dwellings in Azores. Second, investment RE-C05-i11: Scale-up: Mobilising Agendas/Alliances for Business Innovation (Loans) is added under component 5: Investment and Innovation, to increase the number of processes, products and services resulting from innovation agendas. Third investment RP-C05-i12: Scale-up: Green Agendas/Alliances for business innovation (Loans) is added under component 5: Investment and Innovation, to increase the number of processes, products and services resulting from green innovation agendas. Fourth investment RE-C06-i09: New or renovated schools is added under component 6: Qualification and Skills, which consists in building new or renovating primary and secondary public schools. Fifth investment TC-C10-i07: Green Shipping is added under component 10: Sea, to support energy efficiency interventions in freight and passenger transport vessels.

- (15) Portugal also proposed two new reforms on public administration. First, the reform TD-C19-r41: Access to Public Services: harmonise and consolidate in-person and online access improves the coordination between in-person and online access to public services under component 19: Digital Public Administration; and second, the reform TD-C19-r42: New evaluation system to empower and rejuvenate the public administration workforce introduces a new evaluation system for civil servants under component 19: Digital Public Administration.
- (16) In light of unforeseen events such as inflation and supply-chain disruptions, Portugal has revised the estimated costs of its RRP, resulting in increased total costs for measures to be supported by both non-repayable financial support and loans. Taking into account the availability of additional loan support, Portugal has requested that those higher financial needs be addressed by shifting the support for certain measures from non-repayable to loan support.
- (17) This concerns: investment C07-i03: Cross-border links, under component 7: Infrastructure; investment C07-i04: Business Reception Areas — Road accessibility, under component 7: Infrastructure; investment RE-C09-i04: Hydraulic multi-purpose enterprise of Crato, construction phase, under component 9: Water management; investment C10-i03 – Atlantic Defence Operations Centre and naval platform, under component 10: Sea; and investment C15-i03 – Light Rail Transit Odivelas – Loures, under component 15: Sustainable Mobility.

- (18) Furthermore, Portugal requested additional loan support to increase the ambition of an investment already supported by loans. This concerns investment RE-C02-i06: Student accommodations at affordable prices and respective target 2.26, target 2.27 and target 2.28, the under component 2: Housing, where Portugal proposes to provide 3 000 additional student beds.
- (19) The Commission has assessed the modified RRP including the request for loan support in accordance with Article 19 of Regulation (EU) 2021/241.

Amendments based on Article 21 of Regulation (EU) 2021/241

- (20) The amendments to the RRP submitted by Portugal because of objective circumstances concern 45 measures.
- (21) Portugal has explained that 21 measures are no longer totally achievable within the timeline of the original RRP due to inflation or supply-chain disruptions which resulted in unsuccessful procurement procedures or caused delays in the acquisition of materials or services. This concerns, respectively, target 1.14 of investment RE-C01-i01: Primary health care services with more answers, under component 1: National Health Service; target 1.22 of investment RE-C01-i02: National Network of Integrated Continued Care and National Network of Palliative Care under component 1: National Health Service; and target 1.34 of investment RE-C01-i06: Digital health transition, under component 1: National Health Service. It also concerns targets 2.26, 2.27 and 2.28 of investment RE-C02-i06: Student accommodation at affordable prices, under component 2: Housing.

It also concerns target 3.13 of investment RE-C03-i04-RAA: Implementing the Regional Strategy for Combating Poverty and Social Exclusion: Social Support Networks, under component 3: Social responses. It also concerns target 5.19 of investment RE-C05-i05-RAA: Economic Recovery of Azorean Agriculture, under component 5: Investment and innovation. It also concerns target 6.5 and description of respective investment RE-C06-i02: Sustainable Employment Commitment under component 6: Qualifications and skills. It also concerns target 7.14, target 7.15 and description of respective investment RE-C07-i05-RAA: Logistic Circuits - Regional Network of the Azores under component 7: Infrastructure. It also concerns target 8.12 of investment RE-C08-i04: Means to prevent and combat rural fires, under component 8: Forests. It also concerns milestones 9.10 and 9.11 of investment RE-C09-i02: Hydraulic multipurpose enterprise of Crato, under component 9: Water management; target 9.12 and description of respective investment RE-C09-i03-RAM: Plan for water efficiency and strengthening of supply and irrigation systems of Madeira, under component 9: Water management. It also concerns milestones 10.5 and 10.7 of investment TC-C10-i03: Atlantic Defence Operations Centre and naval platform, under component 10: Sea; and investment TC-C10-i04-RAA: Development of the Cluster 'do Mar dos Açores', under component 10 – Sea. It also concerns target 14.3 and description of respective investment TC-C14-i01: Hydrogen and renewable gases under component 14: Hydrogen and Renewables; milestone 14.4 and target 14.5 of investment TC-C14-i02-RAM: Renewable electricity potentiation in the Madeira Archipelago, under component 14: Hydrogen and Renewables; targets 14.11, 14.12, 14.13 and description of the respective investment TC-C14-i03-RAA:

Energy transition in the Azores, under component 14: Hydrogen and Renewables. It also concerns milestones 15.1, 15.2 and target 15.3 and description of the respective investment TC-C15-i01: Expansion of the Lisbon Metro Network — Red Line to Alcântara, under component 15: Sustainable Mobility; milestones 15.4, 15.5 and target 15.6 and description of the respective investment C15-i02: Expansion of the Porto Metro Network — Casa da Música-Santo Ovídio, under component 15: Sustainable Mobility; milestones 15.7, 15.8 and target 15.9 of investment TC-C15-i03: Light Rail Transit Odivelas – Loures, component 15: Sustainable Mobility; target 15.11 and the description of the respective investment TC-C15-i04: Bus Rapid Transit Boavista – Império, under component 15 Sustainable mobility. It also concerns target 16.5 and target 16.6 of investment TD-C16-i02: Digital Transition of Enterprises under component 16: Enterprises 4.0. It also concerns milestone 17.9 of investment TD-C17-i01: Public Financial Management Information Systems under component 17: Quality and Sustainability of Public Finances. It also concerns targets 20.4, 20.5 and 20.6 of investment TD-C20-i01: Digital transition in education under component 20 – Digital school. On this basis, Portugal has requested that changes be made and that the implementation timeline of the aforementioned milestones and targets be extended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (22) Portugal also explained that investment RE-C03-i02: Accessibility 360°, under component 3: Social Responses, is no longer achievable within the timeline of the original RRP because Portugal considers it necessary to have the municipalities coordinating this investment and it took time for them to be able to take the respective responsibilities. This concerns the postponement of target 3.6 of investment RE-C03-i02: Accessibility 360°, under component 3: Social Responses. On this basis, Portugal has requested that the implementation timeline be extended and that the aforementioned change be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.
- (23) Portugal explained that investment RE-C05-i06: Capitalisation of companies and financial resilience/Banco Português de Fomento, under component 5: Investment and Innovation, is no longer achievable within the timeline of the original RRP given the delays caused by macro-economic conditions and increase in uncertainty. This concerns the postponement of target 5.29, and the introduction of a new intermediary target, target 5.43 of investment RE-C05-i06: Capitalisation of companies and financial resilience/Banco Português de Fomento, under component 5: Investment and Innovation. On this basis, Portugal has requested that the implementation timeline be extended and that the aforementioned change be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (24) Portugal also explained that investment RE-C06-i02: Sustainable Employment Commitment, under component 6: Qualifications and Skills, is no longer achievable within the timeline of the original RRP. A quicker than expected recovery of the labour market resulted in a lower number of workers benefitting from this investment. In order to reach more people and have a bigger impact, Portugal requested a longer implementation period for this investment. This concerns the postponement of target 6.5 and the amendment of the description of the respective investment RE-C06-i02: Sustainable Employment Commitment, under component 6: Qualifications and Skills. On this basis, Portugal has requested that the implementation timeline be extended and that the aforementioned change be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.
- (25) Portugal explained that investment RE-C09-i01: Algarve Water Efficiency Regional Plan, under component 9: Water Management, is no longer achievable within the timeline of the original RRP due to delays caused by the late delivery of piezometers and the need to install them deeper given the serious draughts. This concerns the postponement of target 9.1, milestone 9.5, milestone 9.6, milestone 9.7 and the amendment of the description of the respective investment RE-C09-i01: Algarve Water Efficiency Regional Plan, under component 9: Water Management. On this basis, Portugal has requested that the implementation timeline be extended and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (26) Portugal explained that investment RE-C02-i05: Affordable public housing stock, component 2: Housing is no longer totally achievable in the format of the original RRP. Supply chain disruptions and high inflation lead to delays in the implementation without changes to the ambition of this investment and its final deadline. This concerns reducing intermediary targets 2.21, 2.22, 2.23 and 2.24 of investment RE-C02-i05: Affordable public housing stock, component 2: Housing. On this basis, Portugal has requested that the aforementioned targets be decreased and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.
- (27) Portugal explained that investment TD-C16-i03: Catalyst for the Digital Transition of Enterprises, under component 16: Enterprises 4.0, is no longer totally achievable according to the schedule of the original RRP due to technical and legal difficulties, but without changes to its final deadline. This concerns the postponement of milestone 16.14 of investment TD-C16-i03: Catalyst for the Digital Transition of Enterprises, under component 16: Enterprises 4.0. On this basis, Portugal has requested that the implementation timeline of the aforementioned milestone be extended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.
- (28) Portugal explained that investment TD-C19-i04: Efficient, secure and shared critical digital infrastructure, under component 19: Digital Public Administration is no longer totally achievable according to the schedule of the original RRP due to supply-chain disruption, but without changes to its final deadline. This concerns the postponement of milestone 19.12 of investment TD-C19-i04: Efficient, secure and shared critical digital infrastructure, under component 19: Digital Public Administration. On this basis, Portugal has requested that the implementation timeline of the aforementioned milestone be extended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (29) Portugal explained that six measures are no longer totally achievable with the ambition of the original RRP due to supply chain disruptions and high inflation. This concerns reducing target 2.6 of investment RE-C02-i02: National Emergency and Temporary Accommodation Grant, under component 2: Housing; removing target 2.9; changing the base line of target 2.10; reducing target 2.11 and amending the description of the respective investment RE-C02-i03-RAM: Strengthening of the supply of social housing in the Autonomous Region of Madeira, under component 2: Housing; removing target 2.15; reducing targets 2.16, 2.17, 2.18 and amending the description of the respective investment RE-C02-i04-RAA: Increasing housing conditions in the housing stock of the Autonomous Region of the Azores, under component 2: Housing. This also concerns reducing target 5.21 of investment RE-C05-i05-RAA: Economic Recovery of Azorean Agriculture, under component 5: Investment and Innovation. This also concerns reducing target 14.3 of investment TC-C14-i01: Hydrogen and renewable gases, under component 14 Hydrogen and Renewables. This also concerns reducing targets 16.8, 16.10 and amend the description of the respective investment TD-C16-i02: Digital Transition of Enterprises, under component 16: Enterprises 4.0. On this basis, Portugal has requested that the aforementioned targets be decreased and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (30) Portugal also explained that investment RE-C03-i04-RAA: Implementing the Regional Strategy for Combating Poverty and Social Exclusion, under component 3: Social Responses is no longer totally achievable with the ambition of the original RRP. The number of people covered by social inclusion income, which are the ones eligible for this investment, decreased more than expected. This concerns reducing target 3.12 of investment RE-C03-i04-RAA: Implementing the Regional Strategy for Combating Poverty and Social Exclusion, under component 3: Social Responses. On this basis, Portugal has requested that the aforementioned target be decreased and that the aforementioned change be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.
- (31) Portugal also explained that investment TD-C16-i01: Digital Empowerment of Enterprises, under component 16: Enterprises 4.0, is no longer totally achievable with the ambition of the original RRP due to unforeseen technical interoperability issues and lower than expected training participation. This concerns reducing target 16.4 and amend the description of the respective investment TD-C16-i01: Digital Empowerment of Enterprises, under component 16: Enterprises 4.0. On this basis, Portugal has requested that the aforementioned target be decreased and that the aforementioned change be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (32) Portugal also explained that investment TD-C19-i07: Public administration empowered to create public value, under component 19: Digital Public Administration, is no longer totally achievable with the ambition of the original RRP. More people than expected retired and there were delays in the construction of the training centres which led to less participants in the trainings. This concerns reducing target 19.21 of investment TD-C19-i07: Public administration empowered to create public value, under component 19: Digital Public Administration.
- (33) Portugal also explained that investment RE-C01-i04: Equipment for new hospitals in Seixal, Sintra and East Lisbon, under component 1: National Health Service is no longer totally achievable in the format envisaged in the original RRP. Due to inflation and supply chain disruption as well as litigation regarding the award of the construction projects there have been substantial delays in the construction of the hospitals of Sintra and East Lisbon. Portugal has requested that this investment supports part of the construction of the East Lisbon Hospital (instead of only financing some equipment) and also finances the equipment of other hospitals in Lisbon and Vale to Tejo area. This concerns amending milestone 1.26, introducing a new milestone, milestone 1.40, amending the description of the respective investment RE-C01-i04: Equipment for new hospitals in Seixal, Sintra and East Lisbon and change its name to ‘RE-C01-i04: Construction of East Lisbon Hospital and Equipment for new hospitals in Seixal, Sintra, East Lisbon and Vale do Tejo’. On this basis, Portugal has requested that the aforementioned change be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (34) Portugal explained that two measures are no longer totally achievable in their original format with no impact on their ambition due to supply chain constraints and higher prices, which resulted in tenders with no participants. This concerns amending target 3.13 of RE-C03-i04-RAA: Implementing the Regional Strategy for Combating Poverty and Social Exclusion, under component 3: Social Responses so that the same number of rehabilitation places is offered in two instead of 3 buildings. This also concerns amending milestone 10.5 of investment TC-C10-i03: Atlantic Defence Operations Centre and naval platform, under component 10 for it is not necessary to acquire the vehicles to operate them. On this basis, Portugal has requested that the aforementioned milestone and target be amended and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (35) Portugal explained that three measures are no longer totally achievable as originally described due to inflation. This concerns amending milestone 1.18 of investment RE-C01-i01: Primary health care services with more answers, under component 1: National Health Service, to revise the support figures allocated to sub-measures, which are mentioned in its description. This concerns amending target 1.21 of investment RE-C01-i02: National Network of Integrated Continued Care and National Network of Palliative Care, under component 1: National Health Service, to revise the support figures allocated to sub-measures, which are mentioned in its description. This concerns removing the support figures allocated to sub-measures, which are mentioned in target 1.30 of investment RE-C01-i05-RAM: Strengthening Madeira's Regional Health Service, under component 1: National Health Service. This concerns amending target 8.13 of investment RE C08-i05: More Forest Programme, under component 8: Forests, to revise the costs mentioned in its description. On this basis, Portugal requested that the aforementioned milestone and targets be amended and that the figures referring to the support allocated to specific sub-measures be revised. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (36) Portugal explained that 15 measures are no longer totally achievable in their original format because unexpected legal or technical difficulties outside the control of the authorities led to the need to modify or abandon certain aspects of the measures in order to implement more adequate or efficient solutions. This concerns: amending the description of the investment RE-C01-i02: National Network of Integrated Continued Care and National Network of Palliative Care, under component 1: National Health Service. This concerns amending target 2.2, target 2.3 and adding a new target 2.29 to investment RE-C02-i01: Support Programme for Access to Housing, under component 2: Housing. This concerns amending target 3.4 of investment RE-C03-i01: New generation of equipment and social responses, under component 3: Social responses. This concerns amending the description of investment RE-C06-i02: Sustainable unemployment commitment, under component 6: Qualifications and skills. This concerns amending target 6.11 and the description of the respective investment RE-C06-i05-RAA: Adult Qualification and Lifelong Learning (ARA), under component 6: Qualifications and skills. This concerns amending the description of the Investment RE-C09-i02: Hydraulic multi-purpose enterprise of Crato, under component 9: Water Management. This concerns amending target 10.3 of investment TC-C10-i01: Blue Hub, Network of Infrastructure for the Blue Economy, under component 10: Sea. This concerns amending milestone 10.10 and the description of the respective investment TC-C10-i04-RAA: Development of the ‘Cluster do Mar dos Açores’, under component 10. This concerns amending the description of investment TC-C14-i01: Hydrogen and renewable gases, under component 14: Hydrogen and renewables. This concerns amending milestone 14.12 and the description of the respective investment TC-C14-i03-RAA: Energy transition in the Azores, under component 14: Hydrogen and renewables.

This concerns amending milestone 15.9 and the description of the respective investment TC-C15-i03: Light Rail Transit Odivelas – Loures, under component 15: Sustainable mobility. This concerns amending the description of investment TC-C15-i04: Bus Rapid Transit Boavista-Império, under component 15: Sustainable Mobility. This concerns amending target 16.2, target 16.3 and the description of the respective investment TD-C16-i01: Digital Empowerment of Enterprises, under component 16: Enterprises 4.0. This concerns amending targets 16.6, 16.8 and the description of the respective investment TD-C16-i02: Digital Transition of Enterprises, under component 16: Enterprises 4.0. This concerns amending milestone 19.17 of the investment TD-C19-i05: Digital transition of Madeira's public administration, under component 19: Digital Public Administration. On this basis, Portugal requested that the aforementioned milestones, targets, investment descriptions be amended and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (37) Portugal also explained that investment RE-C06-i01: Modernisation of supply and vocational education and training institutions, under component 6: Qualifications and Skills is no longer totally achievable in their original format with no impact on its ambition. Due to COVID-19 pandemic highly skilled tourism workers left, which created a need to train new workers. For this reason, the possibility to support vocational training in the tourism sector has been added to the investment. This concerns amending targets 6.3, 6.4 and the description of the respective investment RE-C06-i01: Modernisation of supply and vocational education and training institutions, under component 6: Qualifications and Skills. On this basis, Portugal requested that the aforementioned targets and investment description be amended and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

- (38) Portugal explained that five measures have been modified due to the existence of manifestly better alternatives to implement the measure in order to achieve the original ambition of the measure. This concerns amending targets 2.25, 2.26, 2.27, 2.28 and the description of the investment: RE-C02-i06: Student accommodation at affordable prices, under component 2: Housing, so that it is also possible to rent the accommodation to researchers, teachers, non-teaching staff of higher education institutions once students' accommodation needs are met. This also concerns amending target 8.11 of investment RE-C08-i04: Means to prevent and combat rural fires, under component 8: Forests, to allow the purchase of three medium firefighter helicopters instead of four light ones, increasing the overall firefighting capacity. This concerns amending the description of investment TC-C11-i01: Decarbonisation of industry, under component 11: Decarbonisation of Industry, to allow for tenders to take place whenever needed and not only annually. This concerns amending target 20.11, target 20.12 and the description of the respective investment TD-C20-i02-RAA: Digital education (Azores), under component 20: Digital school, to allow for the purchase of interactive screens instead of projectors and remove the unnecessary obligation to upgrade RAM memory and software. On this basis, Portugal requested that the aforementioned milestones, targets, investment descriptions be amended and that the aforementioned changes be made. The Council Implementing Decision of 13 July 2021 should be amended accordingly.
- (39) The Commission considers that the reasons put forward by Portugal justify the update pursuant to Article 18(2) of Regulation (EU) 2021/241 and the amendment pursuant to Article 21(2) of that Regulation.

- (40) 138 clerical errors have been identified in the text of the Council Implementing Decision of 13 July 2021, affecting 79 milestones and targets and 46 measures. The Council Implementing Decision of 13 July 2021 should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 22 April 21, as agreed between the Commission and Portugal. Those clerical errors relate to the following measures and their milestones and targets. Target 1.3 and the description of the respective reform RE-r01: Primary health care reform under component 1: National Health Service; milestone 1.12 of the reform RE-r03: Completion of the reform of the governance model of public hospitals, under component 1: National Health Service; target 1.14, target 1.15, milestone 1.17 and milestone 1.18 of investment RE-C01-i01: Primary health care services with more answers, under component 1: National Health Service; target 1.27, target 1.30 and description of the respective investment RE-C01-i05-RAM: Strengthening Madeira's Regional Health Service, under component 1: National Health Service; description of the investment RE-C01-i07-RAM: Digitalisation of Madeira's Regional Health Service, under component 1: National Health Service; target 1.38 of investment RE-C01-i09: Universal Active Life Support System, under component 1: National Health Service. Those clerical errors also concern target 2.2 and target 2.3 of investment RE-C02-i01: Support Programme for Access to Housing, under component 2: Housing; targets 2.4, 2.5, 2.6, 2.7, 2.8 and the description of the respective investment RE-C02-i02: National Emergency and Temporary Accommodation Grant, under component 2: Housing; target 2.10 and target 2.11 of investment RE-C02-i03-RAM:

Strengthening of the supply of social housing in the Autonomous Region of Madeira, under component 2: Housing; target 2.16, target 2.18 and description of the respective investment RE-C02-i04-RAA: Increasing housing conditions in the housing stock of the Autonomous Region of the Azores, under component 2: Housing; targets 2.25, 2.26, 2.27 and 2.28 of investment RE-C02-i06: Student accommodations at affordable prices, under component 2: Housing. Those clerical errors also relate to target 3.4, target 3.5 and description of the respective investment RE-C03-i01: New generation of equipment and social responses, under component 3: Social Responses; the description of the investment RE-C03-i02: Accessibility 360, under component 3: Social Responses; target 3.10, target 3.11, target 3.27 and the description of the respective investment RE-C03-i03-RAM: Strengthening social responses in the Autonomous Region of Madeira (ARM), under Component 3: Social Responses; target 3.12, target 3.13 and description of the respective investment RE-C03-i04-RAA: Implementing the Regional Strategy for Combating Poverty and Social Exclusion, under Component 3: Social Responses; milestone 3.19 and the description of the respective investment RE-C03-i05: Platform +Access, under Component 3: Social Responses. These clerical errors also relate to milestone 4.4, target 4.5, target 4.9, target 4.10 and description of the respective investment RE-C04-i01: Cultural Networks and Digital Transition under component 4: Culture; milestone 4.11 and description of the respective investment RE-C04-i02: Cultural Heritage, under component 4: Culture. Those clerical errors concern target 5.5 and description of the respective investment RE-C05-i01.01: Mobilising Agendas/Alliances for Business Innovation, under component 5: Investment and Innovation; target 5.7 and description of respective investment RE-C05-i01.02: Green Agendas/Alliances for Business Innovation, under component 5: Investment and Innovation; target 5.9 and description of the respective investment RE-C05-i02: Interface mission — renewal of the scientific and technological support network and guidance for productive fabric, under component 5:

Investment and Innovation; target 5.13 and description of the respective investment RE-C05-i03: Research and innovation agenda for sustainable agriculture, food and agro-industry, under component 5: Investment and Innovation; target 5.17 and description of the respective investment RE-C05-i04-RAA: Recapitalisation of the Business System of the Azores, under component 5: Investment and Innovation; target 5.29 of investment RE-C05-i06: Capitalisation of companies and financial resilience/Banco Português de Fomento, under component 5 Investment and innovation. Those clerical errors also relate to the description of reform RE-r14: Reform of vocational education and training, under component 6: Qualifications and Skills; target 6.15 and description of the respective reform RE-r16: Reducing restrictions in highly regulated professions, under component 6: Qualifications and Skills; description of the reform RE-C06-r17: Agenda for the promotion of decent work, under component 6: Qualifications and Skills; description of investment RE-C06-i01: Modernisation of supply and vocational education and training institutions, under component 6: Qualifications and Skills; target 6.6 and description of the respective investment RE-C06-i03: Adult incentive, under component 6: Qualifications and Skills; target 6.8, target 6.9 and description of the respective investment RE-C06-i04: Youth impulse – STEAM, under component 6: Qualifications and Skills; description of investment RE-C06-i05-RAA: Adult Qualification and Lifelong Learning, under component 6: Qualifications and Skills. Those clerical errors also concern targets 7.1, 7.2 and 7.3 of investment RE-C07-i00: Extension of the electric vehicle charging network, under component 7: Infrastructure; description of investment RE-C07-i02: Missing links and increasing the capacity of the Network, under component 7: Infrastructure; description of investment RE-C07-i03: Cross-border links, under component 7: Infrastructure; description of RE-C07-i04: Business Reception Areas — Road accessibility, under component 7: Infrastructure.

Those clerical errors also concern target 8.18 and the description of the respective reform RE-r20: Reorganisation of the Land Property Registry System and Land Cover Monitoring System, under component 8: Forests; target 8.1, target 8.20 and description of the respective investment RE-C08-i01: Landscape Transformation in Vulnerable Forest Areas, under component 8: Forests; target 8.5, target 8.6 and description of the respective investment RE-C08-i02: Rural property registry and Land Cover Monitoring System, under component 8: Forests; target 8.8, target 8.9 and description of the respective investment RE-C08-i03: Fuel management breaks — primary network, under component 8: Forests; target 8.11 of investment RE-C08-i04: Means to prevent and combat rural fires, under component 8: Forests; target 8.13, target 8.16, target 8.21 and description of the respective investment RE-C08-i05: More Forest Programme, under component 8: Forests. Those clerical errors also concern target 9.5 of investment RE-C09-i01: Algarve Water Efficiency Regional Plan, under component 9: Water Management; description of investment RE-C09-i02: Hydraulic multi-purpose enterprise of Crato, under component 9: Water Management; description of the investment RE-C09-i03-RAM: Plan for water efficiency and strengthening of supply and irrigation systems of Madeira, under component 9: Water management. These clerical errors also concern milestone 10.9 and milestone 10.10 of investment TC-C10-i04-RAA: Development of the ‘Cluster do Mar dos Açores’, under component 10: Sea. Those clerical errors also concern the description of investment TC-C14-i03-RAA: Energy transition in the Azores, under component 14: Hydrogen and Renewables. Those clerical errors also relate to the description of investment TC-C15-i04: Bus Rapid Transit Boavista – Império, under component 15: Sustainable Mobility; milestone 15.12 and description of the respective investment TC-C15-i05: Decarbonisation of public transport, under component 15: Sustainable Mobility. Those clerical errors also concern the description of component 16: Enterprises 4.0; target 16.4 and the description of the respective investment TD-C16-i01: Digital Empowerment of Enterprises, component 16: Enterprises 4.0; target 16.6, target 16.8, target 16.11 and description of the respective investment TD-C16-i02:

Digital Transition of Enterprises, component 16: Enterprises 4.0; target 16.14, target 16.15 and description of the respective investment TD-C16-i03: Catalyst for the Digital Transition of Enterprises, under component 16: Enterprises 4.0. Those clerical errors also concern the description of reform TD-r32: Modernisation and Simplification of Public Financial Management, under component 17: Quality and Sustainability of Public Finances; milestone 17.13 of investment TD-C17-i01: Public Financial Management Information Systems, under component 17: Quality and Sustainability of Public Finances; milestone 17.21 of investment TD-C17-i02: Modernisation of the information systems of the Tax and Customs Authority for rural property taxation, all under component 17: Quality and Sustainability of Public Finances. Those clerical errors also concern the description of the reform TD-r33: Economic justice and business environment, under component 18: Economic Justice and Business Environment. Those clerical errors also concern milestone 19.26 of investment TD-C19-i01: Redesign of public and consular services, under component 19: Digital Public Administration; the description of investment TD-C19-i03: Strengthening the overall cybersecurity framework, under component 19: Digital Public Administration; the description of investment TD-C19-i05: Digital transition of Madeira's public administration, under component 19: Digital Public Administration. Those clerical errors also concern target 20.4 of investment TD-C20-i01: Digital transition in education, under component 20: Digital School; target 20.10, target 20.13 and description of the respective investment TD-C20-i02-RAA: Digital education (Azores), under component 20: Digital School; target 20.17, milestone 20.18 and description of the respective investment TD-C20-i03-RAM: Accelerating the digitalisation of ARM education, under component 20: Digital school. The correction of all the aforementioned clerical errors does not affect the implementation of the measures concerned.

- (41) The REPowerEU chapter includes six new reforms and 11 new investments. Portugal introduces two reforms particularly to combat energy poverty and step-up energy efficiency investments. The first reform consists in the establishment of a body to monitor the energy poverty situation, and to analyse and develop public policies for its eradication (RP-C21-r43: National Energy Poverty Observatory). The second reform concerns the creation of ‘Citizen Energy spaces’ where citizens can get information and advice on how to implement and make use of different measures and solutions that improve energy efficiency and adopt sustainable behaviours regarding energy use Reform RP-C21-r44: Development of energy efficiency one-stop shops for citizens (Citizens Energy Spaces).
- (42) Other reforms in the REPowerEU chapter aim at increasing Portugal’s renewable energy potential. These concern the revision of the regulatory framework of the national gas transmission and distribution networks to promote the use of renewable gases (RP-C21-r46: Regulatory framework for renewable hydrogen); the launch of the first auction for the centralised purchase of bio-methane by the wholesale supplier of last-resort and the adoption of an action plan to develop the bio-methane market (RP-C21-r47: First auction for sustainable biomethane and bio-methane action plan); the simplification of licensing and permit procedures for renewable projects and training in digital tools for handling these procedures (RP-C21-r48: Simplification of the legal and regulatory framework applicable to renewable energy projects) and the establishment of a long-term vocational training offer for the development, recognition, validation and certification of green skills for workers in the areas of energy transition and climate action and for the unemployed (RP-C21-r45: Green Skills)

- (43) New investments also contribute to developing the renewable energy production and the green transition of the Portuguese economy. Those investments concern the development of technologies to increase the production of renewable energy (RP-C21-i05: Support for the Development of the Green Industry); support for technical studies to explore the capacity of offshore wind farms to produce energy (RP-C21-i07: Technical studies for offshore energy potential); the establishment of an incentive scheme for the installation of renewable electricity generation and storage systems for self-consumption, as well as installation of equipment for hot water production and heat generation using renewable energy sources, by households, micro, small and medium-sized enterprises and non-profit institutions in Madeira Autonomous Region (RP-C21-i11-RAM – System of incentives for the production and storage of energy from renewable sources in Madeira and Porto Santo); the establishment of an incentive scheme for the purchase and installation of renewable energy storage systems in Azores (RP-C21-i10-RAA – System of incentives for the purchase and installation of renewable energy storage systems); an increase in flexibility in the public electricity grid, allowing for the optimisation and flexible management of the electricity system, also in view of the expected increase in the production and consumption of renewable electricity. (RP-C21-i08: Network flexibility and storage) and the creation of a one-stop-shop for licensing and monitoring projects of renewable energy production (RP-C21-i09: One-stop-shop for Licensing and Monitoring of Renewable Energy Projects).

- (44) Other investments aim at the decarbonisation of transport. Those investments concern the purchase of zero emission buses (electric or hydrogen-fuelled) and the installation of charging/refuelling stations in Madeira (RP-C21-i13-RAM: Decarbonisation of public transport) and in Braga (RP-C21-i14: Bus Rapid Transit – Braga); the purchase of two electric ferries in Azores (RP-C21-i15-RAA – Acquisition of two electric ferries); and the implementation of a funicular in Nazaré (RP-C21-i16 – Nazaré Funicular).
- (45) Another new investment in the RePowerEU chapter contributes to increasing energy efficiency in buildings, by supporting renovation works, including building renewable energy production capacity for self-consumption, in public buildings in Madeira (RP-C21-i04-RAM – Energy efficiency in public buildings and amenities).
- (46) The REPowerEU chapter also includes scaled-up measures affecting five measures under component 11: Decarbonisation of Industry; component 13: Energy Efficiency in Buildings; component 14: Hydrogen and Renewables; and component 15 Sustainable Mobility. The scaled-up measures included in the REPowerEU chapter introduce a substantive improvement in the level of ambition of the measures already included in the national RRP.
- (47) The Commission has assessed the modified RRP including the REPowerEU chapter against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241.

## Balanced response contributing to the six pillars

- (48) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter represents to a large extent (rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by and the financial allocation for the Member State concerned.
- (49) The original RRP represented a comprehensive and adequately balanced response (rating A) to the economic and social situation at the time, contributing appropriately to all of the six pillars referred to in Article 3 of Regulation (EU) 2021/241, as described in recitals 8 to 12 of the Council Implementing Decision of 13 July 2021.
- (50) The modified RRP including the REPowerEU chapter continues to cover the six pillars in a comprehensive manner, with no measure removed and with a significant number of components supporting more than one pillar. The range of actions of the modified RRP including the REPowerEU chapter corresponds to the objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 (the ‘Facility’) with an appropriate overall balance between pillars. In particular, the measures included in the REPowerEU chapter contribute to the following pillars: green transition, smart, sustainable and inclusive growth, and social and territorial cohesion.

Addressing all or a significant subset of challenges identified in country-specific recommendations

- (51) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to contribute to effectively addressing all or a significant subset of challenges (rating A) identified in the relevant country-specific recommendations addressed to Portugal, including fiscal aspects thereof, and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council <sup>1</sup>, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.
- (52) In particular, the modified RRP takes into account country-specific recommendations formally adopted by the Council prior to the assessment of the modified RRP by the Commission. As the maximum financial allocation for Portugal has been adjusted upwards and as the size of the RRP increased following an additional loan request intended to be used not exclusively for REPower objectives, all 2022 and 2023 structural recommendations are considered in the overall assessment.
- (53) Having assessed progress in the implementation of all relevant country-specific recommendations at the time of submission of the modified national RRP, the Commission finds that no recommendation has been fully implemented. Substantial progress has been achieved with respect to recommendation on improving firms', particularly small and medium enterprises' access to liquidity (2020 recommendation 3.1).

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<sup>1</sup> Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

- (54) The modified RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Portugal by the Council in the context of the European Semester, in particular, to improve the effectiveness of the tax and social protection systems, and promote the long-term sustainability of the public finances (2023 recommendation 1.5; 2022 recommendation 1.4; 2020 recommendation 2.2; 2019 recommendation 2.4); to enhance the conditions for a transition towards a circular economy, in particular by increasing waste prevention, recycling and reuse (2022 recommendation 3 and 2023 recommendation 3); to reduce reliance on fossil fuels (2022 recommendation 4.1 and 2023 recommendation 4.1), including in the transport sector (2022 recommendation 4.2); to accelerate the deployment of renewables by upgrading electricity transmission and distribution grids and enabling investments in electricity storage (2022 recommendation 4.3); to streamline permitting procedures to allow for further development of renewable energy production (2023 recommendation 4.2; 2022 recommendation 4.4); to strengthen the incentive framework for energy efficiency in buildings (2023 recommendation 4.6; 2022 recommendation 4.5); to strengthen the resilience of the health system (2020 recommendation 1.2; 2019 recommendation 1.2); to support employment and address labour market segmentation (recommendation 2.1 2020; 2019 recommendation 2.1); to improve the population skills, particularly digital skills and skills required by the labour markets (2020 recommendation 2.3; 2019 recommendation 2.2) and skills and competences needed for the green transition (recommendation 4.7 2023); to improve the adequacy and effectiveness of the social safety net (2019 recommendation 2.4); to boost firms competitiveness (2020 recommendation 2.4); to improve firms' – particularly SMEs' – access to liquidity (2020 recommendation 3.1); to foster investment on green and digital transitions (2022 recommendation 1.2; 2020 recommendation 3.4; 2019 recommendation 3.3); to foster investment in research and innovation (2019 recommendation 3.1); and to reduce the administrative and regulatory burden on businesses (2019 recommendation 4.2).

- (55) The modified RRP introduces a fiscal reform that revises the tax benefits system and establishes a new technical unit to evaluate and monitor fiscal policies, including tax benefits (TD-C17-r40— Simplification of the Tax System), and a social benefits reform that introduces a single social benefit (RE-C03-r38: Simplification and Effectiveness of the Social Security System). Both these reforms address 2022 recommendation 1 and 2023 recommendation 1 on fiscal and social protection policies, as well as the long-term sustainability of Portugal’s public finances. The modified RRP also introduces a waste management reform that establishes a legal framework for a deposit and refund system for packages and metals (TC-C12-r39: Promoting circular economy and more efficient waste management) that addresses the 2022 recommendation 3 and 2023 recommendation 3 on the transition to a circular economy.
- (56) The REPowerEU chapter addresses a substantial subset of the challenges identified in the country-specific recommendations related to energy policy and the green transition. Most REPowerEU measures contribute to addressing 2022 recommendation 4.1 and 2023 recommendation 4.1 on the need to reduce reliance on fossil fuels by developing renewable energy sources and reducing energy demand.
- (57) The REPowerEU chapter introduces measures that directly address 2022 recommendation 4.2 on the need to decarbonise transport, such as the decarbonisation of public transport in (RP-C21-i13-RAM: Decarbonisation of public transport); the implementation of a zero emission bus rapid system in Braga (RP-C21-i14: Bus Rapid Transit Braga); the purchase of two electric ferries in Azores (RP-C21-i15-RAA: Acquisition of two electric ferries); and the implementation of a funicular in Nazaré (RP-C21-i16: Nazaré Funicular).

- (58) The REPowerEU chapter also introduces measures that address 2023 recommendation 4.2 and 2022 recommendation 4.3 on the need to accelerate the deployment of renewables, such as: the revision of the regulatory framework of the national gas transmission and distribution networks to promote the use of renewable hydrogen gas (RP-C21-r46: Regulatory framework for renewable hydrogen); the adoption of an action plan to develop the biomethane market and the launch of the first auction for the centralised purchase of biomethane (RP-C21-r47 First auction for sustainable biomethane and biomethane action plan); the development of technologies to increase the production of renewable energy (RP-C21-i05: Support to the Development of Green Industry); support technical studies to explore the capacity of offshore wind farms to produce energy (RP-C21-i07: Technical studies for offshore energy potential); the establishment of an incentive scheme for the purchase and installation of renewable energy storage systems in Azores (RP-C21-i10-RAA: System of incentives for the purchase and installation of renewable energy storage systems); the establishment of an incentive scheme for the production and storage of renewable energies in Madeira (RP-C21-i11-RAM – System of incentives for the production and storage of energy from renewable sources).

- (59) The REPowerEU chapter also addresses 2023 recommendation 4.2 and 2022 recommendation 4.4 on the need to streamline permitting procedures for renewables with the following measures: the simplification of the legal and regulatory frameworks applicable to renewable energy projects (RP-C14-r48: Simplification of the legal and regulatory framework applicable to renewable energy projects); and the creation of one-stop-shop for licensing and monitoring production projects of renewable energy (RP-C21-i09: One-stop-shop for licensing and monitoring of renewable energy projects).
- (60) This chapter also includes measures that address 2023 recommendation 4.6 and 2022 recommendation 4.5 on the need to promote energy efficiency in buildings, such as: the improvement of energy performance of public facilities in Madeira (RP-C21-i04-RAM: Energy efficiency in public buildings in Madeira); the reinforcement of the investments in improving energy efficiency in residential buildings (RP-C21-i02: Scaled-up measure: Energy efficiency in residential buildings) and in services buildings (RP-C21-i03: Scaled-up measure: Energy efficiency in buildings used by the services sector); and the creation at local level of ‘Citizen Energy shops’ where citizens can get information and advice on how to implement and make use of different energy efficiency measures including for buildings (RP-C21-r44: Development of energy efficiency one-stop shops for citizens (Citizens Energy Spaces)).
- (61) By addressing the aforementioned challenges, the modified RRP is expected to contribute also to correcting the imbalances, as identified in recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in the period 2019-2023, that Portugal is experiencing, in particular with regard to imbalances linked to government, private and external debt.

- (62) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a high impact (rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Portugal, 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.
- (63) The assessment of the original RRP, in accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, found that the original RRP was expected to have a high impact on strengthening the growth potential, job creation, and economic, social and institutional resilience (rating A).
- (64) The modified RRP including the REPowerEU chapter continues to contribute to economic cohesion and to address the vulnerabilities of the economy. The main contributions to both growth and employment are expected to come from investments and reforms concerning innovation, education, including digital skills and vocational training, the decarbonisation of industry, the digitalisation of enterprises, the capitalisation of businesses and housing, which are now strengthened. Measures in the REPowerEU chapter are also expected to contribute to sustainable growth. It is the case for instance for the support for the green economy, green skills and the development of renewable energy sources.

- (65) The modified RRP including the REPowerEU chapter continues to contribute to social cohesion. The revised RRP includes significant strengthened measures to address long-standing social challenges. These cover the responsiveness and accessibility of healthcare and long-term care services, and the access to affordable and social housing. Social vulnerabilities should also be addressed through the provision of a wide range of social services focusing on the elderly, people with disabilities, ethnic minorities and migrants, and through integrated programmes to support disadvantaged communities in deprived metropolitan areas. A new reform will simplify the social benefits system to facilitate their coverage. In the REPowerEU chapter, a new National Observatory will also contribute to addressing energy poverty. Additional investments in sustainable public transport networks are also particularly relevant for disadvantaged commuting workers, and reinforce labour rights, especially for atypical labour contracts linked to the digital economy. These measures will help deliver on the implementation of the European Pillar of Social Rights Action Plan endorsed at the Porto Summit of 7 May 2021 and are expected to contribute to improving the levels of the indicators of the Social Scoreboard.
- (66) Measures targeted at children and young people are also reinforced, such as measures to raise the capacity of kindergartens and childcare services. The revised RRP is expected to foster higher education institutions and the enrolment in tertiary education courses. Additional housing for students is also created. Measures are also aiming at further supporting the integration of digital technologies in the primary and secondary education system with the use of digital resources in classrooms and the digitalisation of educational contents.

## Do no significant harm

- (67) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to ensure that no measure for the implementation of reforms and investment projects included in this RRP does significant harm to environmental objectives (rating A) within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>1</sup> (the principle of ‘do no significant harm’).
- (68) Portugal submitted an assessment of the principle of ‘do no significant harm’ for each new and revised measure of the modified RRP, including the REPowerEU chapter. The information provided shows that the RRP is expected to ensure compliance with that principle. In addition, for those measures that require the selection of projects in the future, specific relevant safeguards are introduced in associated milestones and targets for that purpose.

## Contribution to the REPowerEU objectives

- (69) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (rating A) to energy security, the diversification of the Union’s energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

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<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (70) The REPowerEU chapter contributes to the objective established under Article 21c(3), point (b), of Regulation (EU) 2021/241 through a reform to streamline permitting procedures, including the training of public servants dealing with the permitting of renewables; the creation of a one-stop-shop for licencing renewables projects; the implementation of an Action Plan for the development of bio-methane as well as a set of legislative actions to promote and enable the take-up of bio-methane and renewable hydrogen; the introduction of a financial scheme to promote production of net-zero technologies; the scale-up of an existing investment in renewable gases; the investments in renewable energy storage capacity; the development of green skills; the investments in energy efficiency in residential, service and public buildings; the creation of a national observatory on energy poverty to monitor and support through targeted policies households in need and the establishment, at local level of, one-stop-shops, named Citizen Energy Space models, to facilitate the implementation of energy efficiency interventions.
- (71) The REPowerEU chapter also contributes to the objective established under Article 21c (3), point (c), of Regulation (EU) 2021/241. In addition to the aforementioned reforms concerning the establishment of a National Energy Poverty Observatory and Citizen Energy Space models, Portugal introduces a new investment to improve energy efficiency in public buildings, and reinforces investments in residential buildings, as well as in service buildings.

- (72) The REPowerEU chapter also contributes to the objective established under Article 21c (3), point (d), of Regulation (EU) 2021/241 with the introduction of the following measures: the reinforcement of the ‘Decarbonisation of Industry’ investment, aiming at financially supporting industrial SMEs to decarbonise their processes, improve their energy efficiency, and adopt renewable energy; the aforementioned investment to finance the production of net-zero technologies and related infrastructure that contribute to reducing energy demand, such as electric wiring, specialised operating and maintenance equipment and heat pumps.
- (73) The REPowerEU chapter also contributes to the objective established under Article 21c (3), point (e), of Regulation (EU) 2021/241 with the investments in electricity storage and in the decarbonisation of transport. The investment in storage capacity enables a flexible management of the electricity system, especially in view of the electrification of the industry and transport and the increase in renewable electricity production. The REPowerEU chapter supports the purchase of zero-emission public transport buses, the installation of recharging/refuelling stations, as well as the construction of new infrastructure for zero-emission transportation.
- (74) The REPowerEU chapter also contributes to the objective established under Article 21c (3), point (f), of Regulation (EU) 2021/241 with the creation of a vocational training offer for the development of green skills. The creation of a one-stop-shop for licencing renewables projects will also entail the training of public servants and therefore contribute to this objective. Indirectly the investment to support Green Industry and the upscaling of investments in renewable gases will also contribute to the acquisition of green competences by workers.

## Measures having a cross-border or multi-country dimension or effect

- (75) In accordance with Article 19(3), point (db), of and Annex V, criterion 2.13, to Regulation (EU) 2021/241, the measures included in the REPowerEU chapter are expected to a large extent (rating A) to have a cross-border or multi-country dimension or effect.
- (76) The measures included in the REPowerEU chapter contribute to reducing the reliance on fossil fuels and to reducing energy demand by fostering the production and storage of renewable energy; by supporting the decarbonisation of industry; and by improving the energy efficiency of buildings.
- (77) The total estimated costs of these measures account for a total of EUR 6,9 billion, representing 71 % of the estimated costs of the REPowerEU chapter, above the indicative target of 30 %.
- (78) The measures included in the REPowerEU Chapter to boost the production of renewable energy also contribute to the exports of clean energy to other parts of Europe. Similarly, the measures to decarbonise industry are also expected to contribute to Europe's decarbonisation.

## Contribution to the green transition including biodiversity

- (79) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter, contains measures that contribute to a large extent (rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 41,2 % of the RRP's total allocation and 91,1 % of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of that Regulation, the modified RRP including the REPowerEU chapter is consistent with the information included in the National Energy and Climate Plan 2021-2030.
- (80) The measures reduced due to cost increases do not impact the overall ambition of the RRP regarding the green transition, whereas the REPowerEU chapter brings a significant effort to further support the green transition in Portugal. Its reforms and investments contribute to reducing the reliance on fossil fuels, reducing energy demand and to increasing energy efficiency. Moreover, these measures are expected to have a lasting impact by: (i) strengthening Portugal's electricity grid to address an increased production and distribution of energy, including from renewables; (ii) by increasing energy storage; (iii) by introducing structural changes to energy policy and therefore reducing existing bottlenecks in permit-granting procedures for renewable energy projects.

## Contribution to the digital transition

- (81) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 21,1 % of the modified RRP's total allocation calculated in accordance with the methodology set out in Annex VII to Regulation (EU) 2021/241.
- (82) The positive assessment regarding the contribution to the digital transition provided for in the Council Implementing Decision of 13 July 2021 remains valid. Following the revision, an additional component contributes to the digital transition: Component 15: Sustainable mobility with a measure to digitalise the railways system.
- (83) The REPowerEU chapter is expected to contribute to the digital transition and to addressing the resulting challenges by developing a digital one-stop-shop for permitting and monitoring renewable energy projects. In accordance with Article 21c(5) of Regulation (EU) 2021/241, reforms and investments in the REPowerEU chapter are not to be taken into account when calculating the total allocation of RRP for the purpose of applying the digital target requirement set by that Regulation.

## Lasting impact

- (84) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a lasting impact on Portugal to a large extent (rating A).
- (85) The assessment of the original RRP, in accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, found that the original RRP was expected to have a lasting impact on Portugal to a large extent (rating A).
- (86) New and revised measures are complementary to the existing ones and take into account the COVID-19 crisis, inflation, and supply chain disruptions. Although inflation has impacted the ambition of six measures, it did not affect the long-lasting effects of the modified RRP. Moreover, the new and modified measures address county-specific recommendations and can be expected to have a lasting impact.
- (87) New reforms are expected to simplify the social and tax benefit systems, promote the performance of public officials, and advance the circular economy with a more efficient waste management system. New investments are expected to accelerate the digitalisation of the public administration, to support technical innovation in the national health care system and therefore increase the quality of diagnoses and treatments. New investments are also expected to increase the domestic supply of affordable student accommodation, thereby enabling better access to higher education.

## Monitoring and implementation

- (88) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter are adequate (rating A) to ensure the effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (89) The assessment of the original RRP, in accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241 found that the original RRP was adequate (rating A) to ensure the effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (90) The nature and extent of the proposed modifications to Portugal's RRP do not have an impact on the previous assessment of the effective monitoring and implementation of the RRP. In particular, the task force Recuperar Portugal remains the structure tasked within Portugal with the monitoring and implementation of the RRP and its organisation. With the entry into force of Council of Ministries Resolution no. 93/2022, of 18 October, the task force increased its decision-making autonomy. In addition, the milestones and targets that accompany the modified measures, including those in the REPowerEU chapter, are clear and realistic and the proposed indicators for those milestones and targets are relevant, acceptable and robust.

## Costing

- (91) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the modified RRP including the REPowerEU chapter on the amount of the estimated total costs of the RRP is to a medium extent (rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.
- (92) The assessment of the original RRP, in accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, found that the justification provided on the amount of the estimated total costs of the original RRP was to a medium extent (rating B) reasonable and plausible, in line with the principle of cost efficiency and was commensurate to the expected national economic and social impact.
- (93) The cost estimates provided by Portugal regarding the increase of its cost estimates do not affect this conclusion. Portugal claimed cost increases for 69 measures and sub-measures. For 67 measures and sub-measures, Portugal put forward a common cost increase methodology based on Eurostat official inflation data (three different indexes, for the years 2021 and 2022) and the European Commission inflation forecast. The methodology proposed by Portugal is considered reasonable, since it is based on official inflation statistics and forecasts; and it is correctly applied. For two of the 69 measures and sub-measures, the cost increases are calculated on the basis of ad-hoc data. These two measures concern the construction of the metro line between Odivelas - Loures and the implementation of the naval platform. These cost increase estimates proposed by Portugal are also considered reasonable as they are based on specific independent studies.

- (94) Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

#### Protection of the financial interests of the Union

- (95) In accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter and the additional measures contained in this Decision are adequate (rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing, detecting and correcting corruption, fraud and conflicts of interest, and for protecting the Union budget in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council<sup>1</sup>.
- (96) The assessment of the original RRP, in accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, considered the arrangements proposed therein to be adequate (rating A) to prevent, detect and correct corruption, fraud and conflicts of interest.

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<sup>1</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).

- (97) The governance model of the Portuguese RRP, created by Decree-law 29-B/2021 of 4 May, defines four levels of coordination of the RRP: 1. Strategic level of political coordination, ensured by the Interministerial Commission for the RRP; 2. Monitoring level, ensured by the National Monitoring Commission; 3. Technical coordination and monitoring level, carried out by the task force 'Recuperar Portugal', the Development and Cohesion Agency, I. P., and the Planning, Strategy, Evaluation and International Relations Office of the Ministry of Finance; 4. Audit and control level, ensured by an Audit and Control Committee. In addition, the Portuguese authorities published Decree-law 61/2023 of 24 July, to clarify the levels of intervention of the abovementioned bodies and to ensure the effective fulfilment of their respective competences, also extending the powers of the National Monitoring Committee and the Audit and Control Committee. The national management of the RRP is centralised in the task force Recuperar Portugal, Coordinating Body, and its execution is entrusted to a set of public entities, which assumes responsibilities for the management and implementation of investments at a decentralised level.

- (98) Since the original assessment, which was established on the proposed audit and control system, the Commission has had access to information on its actual implementation. This includes the preliminary findings of the audit on the protection of the financial interests of the Union and the findings of the combined system audit on milestones and targets and audit on milestones and targets performed by the Commission in Portugal. In light of this information, the Commission considers that the internal control system of the Portuguese RRP is adequate overall, but that it has some deficiencies that must be addressed through dedicated audit and control milestones. These relate to the lack of a fraud risk assessment and the subsequent action plan at the level of all Portuguese implementing bodies and the insufficient arrangements to cross-check the information related to the receipt of funds in order to avoid and detect double funding. Therefore, two new milestones on audit and control should be introduced. The first milestone requires an amendment in the financing contracts between the Coordinating Body and the implementing bodies to add a legal obligation to perform a fraud risk assessment and, where the fraud risk assessment identifies risks that are not addressed by the existing controls, to develop a subsequent action plan. The second milestone requires the introduction of effective systematic cross-checks on applications for potential funding within the Facility and between the Facility and other Union programmes.

## Coherence of the RRP

- (99) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter includes to a large extent (rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.
- (100) The assessment of the original RRP, in accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, considered the original RRP included to a large extent (rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.
- (101) The reforms and investments in each component of the modified RRP continue to be consistent and mutually reinforcing, and synergies and complementarities exist between components. In addition, the 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, for example the decarbonisation of public transport, the energy renovation of public buildings, the production of renewable gases. The REPowerEU chapter is built around a consistent package of both reforms and investments that are mutually reinforcing.

## Consultation process

- (102) In preparation of the modified RRP, including the REPowerEU chapter, the Portuguese authorities organised a formal public consultation between 6 and 21 April 2023 and consulted the following stakeholders: the Social Dialogue Permanent Committee (*Comissão Permanente de Concertação Social*); the Economic and Social Council (*Conselho Económico e Social*); Coordination and Regional Development Committees (*Comissões de Coordenação e Desenvolvimento Regional*); and the National Association of Municipalities (*Associação Nacional de Municípios*). The proposal of the modified RRP, including the REPowerEU chapter, was also presented to the Portuguese Parliament on 19 April 2023. In addition, the Portuguese authorities organised seminars in the areas of Energy, Research, Innovation and Higher Education and consulted the RRP National Monitoring Commission.
- (103) As a result of this consultation process, Portugal proposed or increased financial support of the following investments in the REPowerEU Chapter: Energy efficiency in public buildings and facilities; System of incentives for the production and storage of energy from renewable sources; Decarbonisation of public transport; Nazaré funicular and Decarbonisation of public transport of ARM.
- (104) To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the modified RRP including the REPowerEU chapter.

## Positive assessment

- (105) Following the positive assessment of the Commission concerning the modified RRP including the REPowerEU chapter, with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, this Decision should set out the reforms and investment projects necessary for the implementation of the modified RRP including the REPowerEU chapter, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the modified RRP including the REPowerEU chapter in the form of non-repayable financial and loan support.

## Financial contribution

- (106) The estimated total costs of the modified RRP including the REPowerEU chapter of Portugal is EUR 22 215 870 313. As the amount of the estimated total costs of the modified RRP is higher than the updated maximum financial contribution available for Portugal, the financial contribution calculated in accordance with Article 11 of Regulation (EU) 2021/241 allocated for Portugal's modified RRP including the REPowerEU chapter should be equal to the total amount of the financial contribution available for Portugal's modified RRP including the REPowerEU chapter. This amount is equal to EUR 15 540 390 877, with EUR 70 676 917 to support the reforms and investments in the REPowerEU chapter and EUR 15 469 713 960 to support other reforms and investments in the RRP.

- (107) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 26 May 2023 Portugal submitted a request for the allocation of the revenue referred to in Article 21a (1) of that Regulation, shared between Member States on the basis of the indicators set out in the methodology referred to in Annex IVa to Regulation (EU) 2021/241. The estimated total costs of the measures referred to in Article 21c(3), points (b) to (f), of Regulation (EU) 2021/241 included in the REPowerEU chapter is EUR 855 400 000. As this amount is higher than the allocation share available for Portugal, the additional non-repayable financial support available for Portugal should be equal to the allocation share. This amount is equal to EUR 703 364 724.
- (108) Additionally, in accordance with Article 4a of Regulation (EU) 2021/1755<sup>1</sup>, on 28 February 2022, Portugal submitted a reasoned request to transfer all its remaining provisional allocation from the resources of the Brexit Adjustment Reserve to the Facility, amounting to EUR 81 358 359. That amount should be made available to support the reforms and investments in the REPowerEU chapter as additional non-repayable financial support.
- (109) The total financial contribution available to Portugal should be EUR 16 325 113 960.

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<sup>1</sup> Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357, 8.10.2021, p. 1).

## Loan

- (110) Furthermore, in order to support additional reforms and investments, Portugal has requested a total loan support of EUR 5 890 756 353. No loan support is requested for the reforms and investments in the REPowerEU chapter. The maximum volume of the loan requested by Portugal is less than 6,8 % of its 2019 gross national income in current prices. The amount of the estimated total costs of the RRP is higher than the combined financial contribution available for Portugal, including the REPowerEU chapter and the updated maximum financial contribution for non-repayable financial support, the revenue from the emission trading system under Directive 2003/87/EC of the European Parliament and of the Council<sup>1</sup>, and the resources from the Brexit Adjustment Reserve.

## REPowerEU Pre-financing

- (111) Portugal has requested the following funding for the implementation of its REPowerEU chapter: EUR 70 676 917 in the form of financial contribution calculated in accordance with Article 11, transfer of EUR 81 358 359 from the provisional allocation from the resources of the Brexit Adjustment Reserve, and EUR EUR 703 364 724 from the revenue from the Emissions Trading System under Directive 2003/87/EC.

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<sup>1</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

- (112) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 3 July 2023, Portugal has requested pre-financing of 20 % of the funding requested. Subject to available resources, that pre-financing should be made available to Portugal subject to the entry into force of, and in accordance with, an agreement to be concluded between the Commission and Portugal pursuant to Article 23(1) of Regulation (EU) 2021/241.
- (113) The Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Portugal should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

### *Article 1*

The Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Portugal is amended as follows:

- (1) Article 1 is replaced by the following:

#### *‘Article 1*

#### *Approval of the assessment of the RRP*

The assessment of the modified RRP of Portugal on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.’;

(2) in Article 2, paragraphs 1 and 2 are replaced by the following:

- ‘1. The Union shall make available to Portugal a financial contribution in the form of non-repayable support amounting to EUR 16 325 113 960.\* That contribution includes:
  - (a) an amount of EUR 9 758 504 454, which shall be available to be legally committed by 31 December 2022;
  - (b) an amount of EUR 5 781 886 423, which shall be available to be legally committed from 1 January 2023 until 31 December 2023;
  - (c) an amount of EUR 703 364 724\*\*, in accordance with Article 21a(6) of Regulation (EU) 2021/241, exclusively for measures as referred to in Article 21c(3) of that Regulation, with the exception of measures as referred to in Article 21c (3), point (a), of that Regulation;
  - (d) an amount of EUR 81 358 359, transferred from the Brexit Adjustment Reserve to the Facility.
2. The Union financial contribution shall be made available by the Commission to Portugal in instalments in accordance with the Annex to this Decision. An amount of EUR 1 807 948 257 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 171 080 000 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

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\* This amount corresponds to the financial allocation after deduction of the Portugal's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.

\*\* This amount corresponds to the financial allocation after deduction of the Portugal's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.';

(3) in Article 3, paragraphs 1 and 2 are replaced by the following:

- ‘1. The Union shall make available to Portugal a loan amounting to a maximum of EUR 5 890 756 353.
2. The loan support referred to in paragraph 1 shall be made available by the Commission to Portugal in instalments in accordance with the Annex to this Decision. An amount of EUR 350 870 000 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.’;

- (4) the Annex is replaced by the text appearing in the Annex to this Decision.

*Article 4*

*Addressee*

This Decision is addressed to the Portuguese Republic.

Done at Brussels,

*For the Council*

*The President*

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