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Analysis of the recovery and resilience plan of Belgium

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 10161/21 and ST 10161/21 ADD 1) of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Belgium

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1. EXECUTIVE SUMMARY

In 2022, Russia's invasion of Ukraine led to a surge in energy and commodity prices in Belgium. Inflation remained high and economic growth slowed sharply due to supply chain bottlenecks, rising energy and commodity prices, and supply shortages. Belgium submitted to the Commission, on 20 July 2023, a modified national Recovery and Resilience Plan (RRP), including a REPowerEU chapter, with the aim of taking into account the effects of those challenges in the implementation of its original RRP. For the modification of its RRP, Belgium has relied on the following legal bases: Article 18(2) of Regulation (EU) 2021/241 (RRF Regulation) to take into account the updated maximum financial contribution published on 30 June 2022, and Article 21(1) of the RRF Regulation, requesting the Commission to make a proposal to amend the Council implementing decision considering that Belgium's RRP is partially no longer achievable because of objective circumstances. Belgium has also requested loans pursuant to Article 14(2) of the RRF Regulation predominantly to finance its REPowerEU chapter. In addition, with a view to support measures of its REPowerEU chapter, Belgium relied on both: (i) Article 21c of the RRF Regulation, requesting the allocation of the amount available from the Emissions Trading System (ETS) revenues; and, (ii) Article 21b(2), in order to use the resources transferred from the Brexit Adjustment Reserve (BAR) under Article 4a of Regulation (EU) 2021/1755.

The modification submitted by Belgium affects 43 measures on the basis of Article 18(2) of the RRF Regulation, and 34 measures on the basis of Article 21(1) of the RRF Regulation. For some proposed modifications, Belgium has relied on more than one legal basis. In addition, 14 errors of a clerical nature that do not reflect the content of the initial RRP submitted by Belgium have been identified in the text of the Council Implementing Decision, and Belgium proposed corrections.

The REPowerEU chapter submitted by Belgium includes four new reforms, 17 new investments, one scaled-up measure, and seven transferred measures (with or without modifications) from the initial RRP that increase the resilience, security and sustainability of the Union's energy system. The proposed reforms range from a federal reform of the administrative appeal procedures at the Council of State, to regional obligations for large energy consumers in Flanders, for buildings in Brussels, and for wind energy infrastructure in Wallonia. The new investments focus on the energy renovation of public buildings, support for emerging energy technologies, the production of renewable energy, and the development of sustainable mobility. The scaled-up measure concerns energy renovation subsidies in the Flemish Region. Finally, the transferred measures relate to new emerging energy technologies and renewable energy, as well as charging infrastructure.

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

(1) Balanced Response	(2) CSRs	(3) Growth, jobs...	(4) DNSH	(5) Green target 51%	(6) Digital target 27%	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Cohe rence	(12) REPower EU	(13) Cross- border
A	A	A	A	A	A	A	A	B	A	B	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE RRP

2.1. Main newly emerged challenges

In 2022, Russia's invasion of Ukraine led to a surge in energy and commodity prices in Belgium and the EU as a whole. Belgium's inflation reached record highs, hitting +10.3% in 2022, and the Belgian government's measures helped cushion the impact of the energy crisis on both households and businesses. However, economic growth slowed down, amid high energy prices and inflation. The 2023 Country Report¹ for Belgium identified challenges related to the high tax burden on labour, labour shortages and skills mismatches, the industry's decarbonisation, the deployment of renewable energies, the extensive renovation of buildings, and skills necessary for the green transition, among others. The implementation of spending reviews in the RRP are expected to help curb public expenditure and put public debt on a sustained downward trend. In addition, the implementation of investments to support the green transition in the RRP will be key to boosting the energy-efficient renovation of buildings, the deployment of clean mobility and the hydrogen value chain. In the context of Belgium's current challenges, the proposed revision of its RRP is threefold: (i) adding a new REPowerEU chapter to the original plan; (ii) modifying existing measures in line with the provisions of the RRF Regulation; and, (iii) including a loan request.

Belgium's modified RRP adds a new REPowerEU chapter pursuant to Article 21c of the RRF Regulation. It includes four new reforms and 17 new investments to deliver on the REPowerEU objectives, as well as the upscale of an existing measure and the transfer of seven measures from the initial RRP. This chapter will help advance Belgium's green transition and help address the current challenges, in particular those identified in the 'energy' recommendations addressed to Belgium in 2022 and 2023, in the framework of the European Semester.

Pursuant to Article 18(2) of the RRF Regulation, Belgium requested modifications due to the downward revision of its maximum financial contribution, from EUR 5.9 billion to EUR 4.5 billion. The revision is part of the June 2022 update of the maximum financial contribution and reflects Belgium's comparatively better economic outcome in 2020 and 2021 than initially foreseen. Therefore, Belgium requested the removal or downsizing of several investments.

Pursuant to Article 21(1) of the RRF Regulation, Belgium requested to modify existing measures of the RRP, considering that they were no longer achievable based on objective circumstances. These include the need to factor in the high inflation experienced in 2022 and supply chain disruptions, impacting 16 measures. In addition, Belgium proposed to modify 11 measures due to unexpected legal or technical difficulties, one measure due to a failed procurement process and six measures in order to implement better alternatives to achieve or increase their original ambition.

Pursuant to Article 14(2) of the RRF Regulation, Belgium requested loan support to finance six investments (for a total amount of EUR 264 million). Five of these measures were transferred from the non-repayable support of the initial RRP to a newly requested loan support, in order to cover

¹ SWD(2023) 610 final.

for the downward revision of Belgium's maximum financial contribution. A new investment was added. Three of the six measures under loan support were included by Belgium in its REPowerEU chapter.

2.2. Main elements of the modified RRP and REPowerEU chapter

The main elements of the amended RRP and REPowerEU chapter are listed below and summarised in Table 1.

AXIS 1 – CLIMATE, SUSTAINABILITY AND INNOVATION

Component 1.1 – Renovation

Belgium proposes to remove two investments: (i) the support for innovative energy-efficient renovation in the Brussels-Capital Region (I-1.13); and, (ii) the renovation of public buildings in the Walloon Region (I-1.06), on the basis of Article 18(2) of the RRF Regulation. Belgium also suggests to change the investment part of two measures related to energy subsidy schemes: (i) scale-up measure R-1.01 of the Flemish Region under the REPowerEU chapter (additional EUR 51 million); and, (ii) transfer the investment part of measure R-1.03 of the German-speaking Community to the REPowerEU chapter. Several investments in social and public building renovations of different federated entities were suggested to be downsized on the basis of Article 18(2) of the RRF Regulation, and to be further reduced to account for high inflation based on Article 21 of the RRF Regulation. Other suggested changes are aimed at correcting clerical errors in the Council Implementing Decision, relating to elements mistakenly added, although they are not relevant to any of the milestones or targets. Moreover, Belgium proposes to correct inconsistencies between the figures mentioned in the measure descriptions and the related targets in the Council Implementing Decision, and to specify climate tagging requirements in the measure descriptions and targets for the sake of clarity and avoiding diverging interpretations. Targets covering investments of several federated entities were suggested to be split into indicative sub-targets to clarify what is expected from each entity to reach the overall target and which part of the targets is covered by a climate tagging requirement.

Component 1.2 - Emerging energy technologies

Belgium proposes to split the reform of the regulatory framework for the H₂ and CO₂ markets of the federal state (R-1.04) into separate reforms, following clarifications obtained on the division of competences in those two areas between the federal state and the regions. As a result, Belgium proposes one reform for the H₂ markets at federal level, and regional reforms for the CO₂ markets of the Flemish Region and Walloon Region (R-1.05 and R-1.06), on the basis of Article 21 of the RRF Regulation, as this is more conducive to meeting the objectives of the RRF Regulation. Belgium proposes to entirely remove the investment in renewable heat networks of the Flemish Region (I-1.20) and to transfer three investments (namely, I-1.19 'Research platform for energy transition' of the French Community, and I-1.21 'Offshore energy island' and 'Backbone for H₂ and CO₂, both of the federal state) to the REPowerEU chapter, with some modifications. Other investments (I-1.16 and I-1.17, both related to a regional industrial value chain for the hydrogen transition) are suggested to be downsized, on the basis of that same Article 18(2) of the RRF Regulation, and slightly modified, under Article 21 of the RRF Regulation.

Component 1.3 - Climate and environment

Belgium proposes modifications based on Article 18(2) of the RRF Regulation, to reflect a reduction of the corresponding maximum financial contribution, and Article 21 of the RRF Regulation, for several modifications relating to the measure Biodiversity and adaptation to climate change of the Walloon Region (I-1.22). The main reason to suggest modifying the targets of this measure relates to high inflation. Furthermore, a clerical error identified in the Council Implementing Decision is proposed to be corrected for a sub-target on resilient forests. It is suggested that the measure of the Flemish Region ‘Blue Deal’ be revised to reflect a reduction in budget by EUR 100 million, under Article 18(2) of the RRF Regulation.

AXIS 2 – DIGITAL TRANSFORMATION

Component 2.1 – Cybersecurity

Belgium proposes to make changes to two targets of the investment related to the cybersecure and resilient digital society projects (I-2.01). For one target, Belgium proposes to modify the technical means through which one of the cybersecurity projects (‘Validated Web Sites’) in the target will be achieved, on the basis of Article 21 of the RRF Regulation. Belgium explained that, after the approval of the original RRP, it discovered a better and more cost-effective alternative to achieve the objective of the project. For the other target, Belgium proposes to correct clerical errors identified in the Council Implementing Decision, thereby postponing the timing for the completion of the target by one year.

Component 2.2 - Public Administration

Belgium proposes to modify one reform based on Article 21 of the RRF Regulation. More specifically, Belgium proposes to modify the reform related to e-government for businesses (R-2.01) to reflect a better and more cost-effective alternative to achieving the objective of the milestone. While not eliminating the existing forms as originally envisaged by the milestone, Belgium will achieve the same result by creating a new digitalised system (encompassing three online forms) to allow the creation, modification and dissolution of legal persons, through three online forms. The new digitalised system will be an alternative administrative channel that citizens can use and that all local administrations will be required to accept, making the existing forms *de facto* redundant. The change is implemented through a cooperation agreement between the federal and regional governments, rather than through a law, as original envisaged. This will enable the uniform application of the digital solution across the Federal State and the federated entities. Belgium also proposes modifications to six investments. Belgium proposes to postpone the deadline of an investment relating to the Single Digital Gateway (I-2.05 S10) to 2025, on the basis of Article 21 of the RRF Regulation. Belgium explains that the postponement is due to unforeseen difficulties in hiring the specialised staff needed to implement the measure. Belgium also proposes to change five other investments on the basis of Article 18(2) of the RRF Regulation: one is removed from the RRP, one will be financed by RRF loans instead of non-repayable support, and three are scaled down.

Component 2.3 - Optic Fibre, 5G and new technologies

Firstly, Belgium proposes to make a minor modification based on Article 21 of the RRF Regulation to the description of investment ‘Coverage of white areas by developing very high-speed fibre

optic networks' (I-2.13), concerning the structure of the public-private cooperation that was set up for this investment. Secondly, Belgium proposes to reduce the budget allocated to the investment improving the connectivity of schools and business parks in Wallonia (I-2.15), based on Article 18(2) of the RRF Regulation. Several targets and a milestone are removed accordingly, and a change is made to the name of the measure. Belgium also proposes to correct clerical errors in the Council Implementing Decision with respect to this investment.

AXIS 3 - MOBILITY

Component 3.1 - Cycling and walking infrastructure

Belgium proposes to modify four measures in this component. Belgium proposes to reduce the ambition of the investment related to cycling infrastructure of the Flemish Region (I-3.01) due to the decreased financial contribution and unexpected price increases in the construction sector, under Article 18(2) and Article 21 of the RRF Regulation, respectively. Also, in view of that decrease, Belgium proposes to transfer the investment related to cycling and pedestrian infrastructure around Schuman (I-3.04) and the investment in cycling infrastructure Vélo Plus (I-3.03b) of the federal state to the loan support, under Article 14(2) of the RRF Regulation. On the back of the unexpected increases in construction prices, Belgium proposes to decrease the ambition of the investment in cycling infrastructure Vélo Plus of the Brussels-Capital Region (I-3.03a). Belgium also proposes to review the target of investment 'Corridors Vélo' of the Walloon Region (I-3.02), thereby removing from the target the cycling infrastructure financed by national funds, as well as addressing road safety requirements and cost increases.

Component 3.2 - Modal shift

Belgium proposes to remove the investment in the high service level bus of the Walloon Region, due to the decreased financial contribution, under Article 18(2) of the RRF Regulation. It also proposes to remove the investment in the Liege tram, under Art 21 of the RRF Regulation, since it received a proposal for one of planned works significantly above the estimated costs. This requires BE to renegotiate the respective private-public partnership agreement. The delay caused by re-negotiation procedures makes it impossible to meet the timeframe of the RRF. BE has proposed instead to invest in a fleet of electric buses (I-3.20). In addition, Belgium proposes to revise four other measures in this component. Belgium proposes to reduce the ambition of the investment related to modal shift subsidies of the Brussels-Capital Region (I-3.14) proportionally to the decrease of its contribution, under Article 18(2) of the RRF Regulation. To compensate for that decrease, Belgium proposes to support one of the rail freight interventions included in the investment 'Rail – efficient network' (I-3.10) also as part of the REPowerEU chapter. This intervention concerns the electrification of lines 11 and L223. To reflect the original intention and commitment, Belgium also proposes to rectify the targets mentioned in the description of the investment to correct clerical errors identified in the Council Implementing Decision. Belgium also proposes to clarify that the railway stations subject to the works included in investment 'Rail-Accessible and multimodal railway stations' of the Federal state (I-3.10) come from a pool of 28 stations, identifying each one of them. Finally, Belgium proposes to postpone the deadlines of the investment related to the Albert-canal and the Triligiport of the Walloon Region (I-3.11), under Article 21 of the RRF Regulation, due to unexpected technical implementation difficulties.

Component 3.3 - Greening the road transport

Belgium proposes to revise four measures in this component. Due to price increases and supply chain disruptions, Belgium proposes, under Article 21 of the RRF Regulation, to reduce the ambition of the reform in the Wallon Region to incentive the deployment of charging stations (R-3.04), as well as the ambition of the investment of the Federal State to also incentivise the deployment of charging stations (I-3.18). Due to the decreased financial contribution, Belgium proposes, under Article 18(2) of the RRF Regulation, to reduce the number of electric buses to be acquired under the investment ‘Greening of the bus fleet’ of the Brussels-Capital Region (I-3.17), and to remove the installation of the charging stations from this investment. Both these reductions will, however, be compensated in the REPowerEU chapter. As mentioned above, Belgium proposes, under Article 21, to substitute the extension of the tram in Liege by new fleet of electric bus fleet, with their respective charging stations and a new bus depot. Finally, Belgium also proposes to rectify the targets mentioned in the description of the investment ‘Greening the bus fleet - VLA’ of the Flemish Region’ (I-3.16), to correct a clerical error identified in the Council Implementing Decision.

AXIS 4 – SOCIAL AND INCLUSIVE

Component 4.1 - Education 2.0

Belgium proposes to change two reforms on the basis of Article 21 of the RRF Regulation. First, the reform of the digital education framework in Flanders (R-4.01) is proposed for modification due to the annulment by the Constitutional Court in 2022 of the initial decree defining new educational attainment levels. The unexpected annulment – outside the control of the Belgian authorities – led to a year’s delay in adopting the decree and adjusting the description of the milestone in line with the ruling of the Constitutional Court. Second, it is proposed that the reform of the decree framework to address school dropout in the French Community (R-4.03) be postponed for a year and a half (end-2024) due to extended stakeholder negotiations. The investment related to the digital equipment of schools in the Flemish Community (I-4.01) is downsized on the basis of Article 18(2) of the RRF Regulation. The remaining changes are of a clerical nature.

Component 4.2 - Training and employment of vulnerable groups

On the basis of Article 21 of the RRF Regulation, Belgium proposes to change a reform (R-4.05) and to delay by one year the adoption of a decree to promote the labour market integration of vulnerable groups in Brussels, due to extended stakeholder negotiations. Moreover, one of the three elements of the reform will be implemented by convention rather than by decree. Modifications to investments, proposed on the basis of Article 21 of the RRF Regulation, relate to the existence of a more efficient implementation tool (I-4.07) and unexpected implementation issues (I-4.08).

Component 4.3 - Social infrastructure

Belgium proposes to downsize the investment to develop public utility housing in the Walloon Region (I-4.12), on the basis of Article 18(2) of the RRF Regulation, and to further reduce the number of housing units to be built, due to inflation and increased construction costs, on the basis of Article 21 of the RRF Regulation. The remaining changes are of a clerical nature.

AXIS 5 – ECONOMY OF THE FUTURE AND PRODUCTIVITY

Component 5.1 - Training and labour market

Belgium proposes to change two reforms on the basis of Article 21 of the RRF Regulation and five investments on the basis of Article 18(2) and Article 21 of the RRF Regulation, as well as to correct a small number of clerical errors in the Council Implementing Decision. The objectives of measure R-5.01 can be better achieved by using a different legal instrument as a vehicle for this reform. The quantitative target of 25 000 temporary long-term unemployed workers trained as part of measure R-5.03 cannot be achieved, given that it was based on peak temporary unemployment numbers in this category during the pandemic. Those numbers have since decreased substantially and, therefore, the initial target is no longer reachable. For investment I-5.03 ‘Upgrading of advanced training infrastructure’ and investment I-5.07: ‘Digital lifelong learning’ of the Walloon Region, Belgium proposes to reduce the ambition due to the decreased financial contribution and unforeseen price increases in the construction sector, under Article 18(2) and Article 21 of the RRF Regulation, respectively. For investments I-5.04: ‘Learning and career offensive’ of the Flemish Region, and I-5.05: ‘Strategy for relaunching the labour market’ of the Brussels-Capital Region, Belgium proposes to remove sub-projects on the basis of Article 18(2) of the RRF Regulation, to account for the decrease in the financial allocation. Both Article 18(2) and Article 21 of the RRF Regulation are invoked for investment I-5.06: ‘Digital skills’ of Flemish Region, to account for the reduction of budget and shortages of qualified IT profiles, respectively.

Component 5.2 – Supporting economic activity

Investment I-5.09 ‘Support of R&D of the aeronautics and space sector’ is entirely removed under Article 18(2) of the RRF Regulation. Under the same legal basis, the measure ‘Strengthen R&D of the Flemish Region’ (I-5.11) is reduced in budget and its related target is proportionally adapted. Measure I-5.13 ‘Digitisation of the Walloon tourism sector’ is reduced in ambition under Article 18(2) of the RRF Regulation, and the related target is revised also taking into account inflation, using Article 21 of the RRF Regulation as a legal basis. It is proposed to correct a clerical error in the Council Implementing Decision by revising the target’s baseline. Article 21 of the RRF Regulation is invoked for the different modifications to the measure ‘Relocation of food and development of logistics platforms of the Walloon Region’ (I-5.12). Objective circumstances have led to delays in the fulfillment of milestones and targets (supply chain disruptions); increase in costs (high inflation) combined with objective circumstances (an investment partner pulled out suddenly) has led to revise the target in terms of the size and the number of constructed logistic hubs, while increasing the ambition of the project by including energy relevant investments in the two remaining hubs. Article 21 of the RRF Regulation is used to remove one of the three subprojects of the nuclear medicine measure, since it proved not to be technically or economically viable and was stopped. This subproject is partly replaced by a new nuclear medicine project.

Another new measure is introduced for the remainder of the available budget, ‘SMELD’, which aims at maximising the recycling of metals resulting from future nuclear decommissioning operations. It concerns industrial R&D and the building of a melting furnace.

Component 5.3 - Circular economy

Belgium entirely removes the investment ‘Flanders Circular economy & circular construction’ of the Flemish Region (I-5.17), on the basis of Article 18(2) of the RRF Regulation. Another investment, ‘Deployment of the circular economy in Wallonia’ (I-5.16), is reduced in ambition using the same legal basis, removing two subparts of the measure. The related milestones and target are adapted accordingly.

AXIS 6 – PUBLIC FINANCES

Component 6.1 - Spending Reviews

No modifications are requested by Belgium for the measures in this component.

AXIS 7 - REPOWEREU

Under the REPowerEU chapter and based on Article 21c of the RRF Regulation, Belgium has proposed measures amounting to EUR 726 million in total estimated costs for 17 new investments, one scaled-up investment, seven transferred investments from the initial RRP, and four new reforms. Belgium’s REPowerEU measures are distributed in four new components: 7.1 ‘Renovation of buildings’, 7.2 ‘New emerging energy technologies’, 7.3 ‘Renewable energy’, and 7.4 ‘Mobility’.

Component 7.1 – REPowerEU – Renovation of buildings

New reform

- *R-7.01: ‘Revision of the code on air, climate and energy’ of the Brussels-Capital Region.* This reform amends the Brussels code on air, climate and energy (COBRACE), to introduce new obligations on building renovation, and it contributes to objective 21c(3)(b), (c) and (d) of the RRF Regulation.

New investments

- *I-7.01: ‘Improved energy subsidy scheme’ of the Brussels-Capital Region.* This investment accompanies R-7.01 and consists of subsidies for renovations achieving primary energy demand reduction for the benefit of low-income households.
- *I-7.04: ‘Renovation of social housing’ of the Walloon Region.* This investment consists in equipping social housing units with solar panels and heat pumps, and it contributes to objective 21c(3)(b), (c) and (d) of the RRF Regulation.
- *I-7.05: ‘Energy-climate measures in public buildings’ of the Federal state.* This investment consists in equipping federal public buildings with charging stations, solar panels and LED lights, and it contributes to objective 21c(3)(b) of the RRF Regulation.
- *I-7.06: ‘Renovation of public buildings’ of the Flemish Region.* This investment consists in the energy-efficient renovation of four public buildings: (1) Martelaarsplein 7, Martelaarsplein 19 and Kreupelenstraat 2, Brussel, (2) Winston Churchillkaai 2, Oostende, (3) Justitiehuis, Ieper,

(4) Koolstraat 35, Brussel. This measure contributes to objective 21c(3)(b) of the RRF Regulation.

- *I-7.07: ‘Energy measures for public schools’ of the Flemish Region.* This investment consists in the deployment of solar panels on public schools, and it contributes to objective 21c(3)(b) of the RRF Regulation.
- *I-7.08: ‘Energy measures for the care buildings’ of the Flemish Region.* This investment consists in: (1) performing energy audits; and, (2) completing energy measures in residential care centres and (psychiatric) hospital buildings. This measure contributes to objective 21c(3)(b) and (d) of the RRF Regulation.
- *I-7.09: ‘Energy measures for the VRT building’ of the Flemish Region.* This investment consists in completing energy measures for the new VRT (*Vlaamse Radio en Televisie*) building, like the installation of heat pumps, solar panels and LED lights, and it contributes to objective 21c(3)(b) of the RRF Regulation.
- *I-7.10: ‘Energy measures for the AWW buildings’ of the Flemish Region.* This investment consists in completing energy measures in the AWW (*Agentschap Wegen en Verkeer*) buildings, like the installation of heat pumps, roof insulation, solar panels and LED lights. It contributes to objective 21c(3)(b) of the RRF Regulation.

Upscaled measure

- *I-7.02: ‘Improved energy subsidy scheme’ of the Flemish Region.* This investment scales up reform R-1.01 (i) in component 1.1, increasing the budget per beneficiary for energy efficient renovations of low-income private housing. The measure contributes to objective 21c(3)(b) and (d) of the RRF Regulation.

Transferred measure

- *I-7.03: ‘Energy grants for private housing’ of the German-speaking Community.* This investment consists in granting energy premiums for the renovation of private and social housing, and it contributes to objective 21c(3)(b) and (d) of the RRF Regulation.

Component 7.2 – REPowerEU – New emerging energy technologies

New investments

- *I-7.12: ‘Energy import infrastructure’ of the Federal State.* This investment consists in supporting demonstration or R&D projects with the aim of optimising the infrastructure for the import of hydrogen or electricity, to ensure long-term security of energy supply and enable the energy transition.
- *I-7.13: ‘Call for the decarbonisation of industry’ of the Walloon Region.* This investment consists in providing financial incentives for energy investments in Walloon industries and for the development of new industries in green technologies. These investments could cover projects on energy efficiency, such as the management of industrial heat, on carbon capture and storage (CCS) where CO₂ captured stems from unavoidable process emissions, on fuel switching, on the production of renewable energy, or the set-up of new industrial elements of the value chain of technologies with a proven interest for reaching the objectives of REPowerEU, such as the batteries’ value chain (in production or in critical materials management) and the renewable or fossil-free hydrogen’s value-chain.

- *I-7.14: ‘Call for climate action in agriculture’ of the Flemish Region.* This investment consists in supporting energy-saving techniques, green heat and renewable energy projects in the agricultural sector.

Transferred measures

- *I-7.11: ‘Research platform for energy transition’ of the French Community.* This measure consists of investments in a series of large R&D facilities and equipment for the benefit of French-speaking universities willing to establish an interdisciplinary (and ‘trans-technological’) cooperation platform to develop research actions on complex energy systems.
- *I-7.15: ‘Backbone for H₂’ of the Federal State.* This investment consists in the development of a hydrogen transport network, with primary focus on the main industrial clusters of Flanders (Antwerp, Ghent), Wallonia (Hainaut, Liège), and Brussels.

Component 7.3 – REPowerEU – Renewable energy

New reforms

- *R-7.02: ‘Reform of the appeal procedures of the Council of State’ of the Federal State.* This reform of the Council of State consists in: (1) reducing the time taken to deal with appeal procedures relating to decisions on energy investments and renewable energy projects; and, (2) granting priority to the treatment of energy transition files.
- *R-7.03: ‘PV-obligation for large consumers’ of the Flemish Region.* This reform introduces an obligation to install solar photovoltaic panels for private buildings located in Flanders with an electricity consumption of more than 1 gigawatt-hour per year and for public bodies’ buildings located in Flanders with an electricity consumption of more than 250 megawatt-hours per year.
- *R-7.04: ‘Accelerating the energy transition’ of the Walloon Region.* This reform consists of facilitating and shortening permitting procedures for renewable energy through: (1) the review of the 2013 Wind Reference Framework; (2) the review of the development and permit framework; (3) the reform of the Nature Conservation Act; and, (4) the ban on coal and heating oil for heating and domestic hot water from buildings.

New investments

- *I-7.16: ‘Floating solar’ of the Federal State.* This investment consists of studying the technical, economic and financial feasibility of floating solar panels in the North Sea, and aims to increase their technology readiness level from of 4 to 7 (on a 9-level scale).
- *I-7.17: ‘Optimisation of energy distribution’ of the Walloon Region.* This investment consists of supporting the two main electricity network operators in the Walloon Region (OROs and RESA) to make grids ‘smarter’.
- *I-7.18: ‘Innovative renewable energy production initiatives’ of the Flemish Region.* This measure concerns the awarding of grants to companies investing in research and development activities related to the production of innovative technologies in the field of photovoltaic cells and solar energy, as well as to companies investing in the electrification of port infrastructure in Flanders (shore-side electricity).
- *I-7.19: ‘Removing barriers to renewable energy’ of the Federal State.* This measure targets the reduction of the restrictions in the vicinity of airports (e.g. distance from radars, height

restrictions, area and location of exclusion zones) imposed by air traffic control services on the building of wind turbines, in view of accelerating the deployment of renewable energies.

Transferred measure

- *I-7.20: 'Off-shore energy island' of the Federal State.* This investment aims at developing an offshore energy hub ('energy island') in the Belgian part of the North Sea. The creation of this energy hub has two main objectives. First, it will allow the connection of 3.15 to 3.5 GW of future offshore wind energy to the onshore electricity grid. Second, it will facilitate the integration and import of more renewable energy in and around the North Sea, by connecting to other countries or regions.

Component 7.4 – REPowerEU – Mobility

New investments

- *I-7.23: 'Public LED lighting' of the Flemish Region.* This investment consists of replacing old luminaires (high and low-pressure sodium lamps) with LED luminaires on motorways and LED lamps in tunnels in the Flemish Region.
- *I-7.25: 'Charging infrastructure for busses' of the Brussels-Capital Region.* Belgium proposes to reduce the ambition of investment I-3.17 'Greening of the bus fleet – RBC' in the non-REPowerEU part of the RRP. In particular, Belgium proposes to remove the installation of charging infrastructure from that investment. Under the REPowerEU chapter, Belgium proposes not only to compensate, but also to install more infrastructure than originally committed. This investment consists of the installation of overnight charging stations in three bus depots (for 106 buses) and opportunity charging stations in five bus line terminals.

Transferred sub-measures

- *I-7.21: 'Greening of the bus fleet – RBC' of the Brussels-Capital Region.* Belgium proposes to reduce the ambition of investment I-3.17 'Greening of the bus fleet – RBC' in the non-REPowerEU part of the RRP. To compensate for that reduction, Belgium proposes to acquire additional electric buses under the REPowerEU chapter. This investment consists of the acquisition of 45 additional electric buses: 32 M3 low floor articulated and 14 standard electric buses.
- *I-7.22: 'Charging stations - FED' of the Federal State.* This investment transfers part of investment I-3.18 'Charging stations – FED', as it allows for the deployment of 1832 bi-directional charging stations for electric cars. The tax incentive scheme, mentioned in investment I-3-18 'Charging stations –FED, is revised to include the deduction of the cost of these bi-directional charging stations.
- *I-7.24: 'Rail – efficient network' of the Federal State.* To compensate for the reduction of the non-repayable financial contribution, Belgium proposes to support one of the interventions in rail freight under investment I-3.10 – 'Rail Efficient network of the Federal State' also under the REPowerEU chapter . This project is, therefore, partially transferred to the REPowerEU chapter. This concerns the electrification of railway lines 11 and L223.

Table 1 - New and modified components and associated costs

Axes	Component	Status	Costs (EUR million)	% of the total
Climate, sustainability and innovation	1.1. Renovation	Modified	824 (-19%)	15.5%
	1.2. Emerging energy technologies	Modified	247 (-59%)	4.7%
	1.3. Climate and environment	Modified	289 (-28%)	5.5%
Digital transformation	2.1. Cybersecurity	Modified	79	1.5%
	2.2. Public administration	Modified	448 (-23%)	8.3%
	2.3. Optic fibre, 5G and new technologies	Modified	44 (-56%)	0.8%
Mobility	3.1. Cycling and walking infrastructure	Modified	284 (-31%)	5.4%
	3.2. Modal shift	Modified	622 (-7%)	11.7%
	3.3. Greening road transport	Modified	164 (-22%)	3.1%
Social and living-together	4.1. Education 2.0	Modified	395 (-11%)	7.5%
	4.2. Training and employment of vulnerable groups	Modified	157 (-5%)	3.0%
	4.3. Social infrastructure	Modified	202 (-11%)	3.8%
	4.4. End of career and pensions	Unchanged	0	0.0%
Economy of the future and productivity	5.1. Training and labour market	Modified	319 (-14%)	6.0%
	5.2. Supporting economic activity	Modified	369 (-16%)	7.0%
	5.3. Circular economy	Modified	124 (-37%)	2.3%
Public finances	6.1. Spending reviews	Unchanged	8	0.1%
REPowerEU	7.1. Renovation of buildings	New	188	3.5%
	7.2. New emerging energy technologies	New	209	3.9%
	7.3. Renewable energy	New	221	4.2%
	7.4. Mobility	New	101	1.9%
			5 300	100%

Other elements not covered by assessment criteria

The description of aspects related to administrative organisation, gender equality and equal opportunities for all and the planned communication strategy as reflected in the previous Staff Working Document (2021) 172 final remain relevant.

With respect to the consultation process, Belgium carried out additional consultations of stakeholders in the context of the amendment of the RRP and for the preparation of the REPowerEU chapter, in line with the Commission's guidance in the context of REPowerEU (the "REPowerEU Guidance")² (See Section 3.12).

As regards the security self-assessment for digital investments, Belgium submitted a security self-assessment for one of the investments included in the REPowerEU chapter (namely I-7.17: 'Optimisation of energy distribution' of the Walloon Region). In its self-assessment, Belgium outlined the measures that have been and will be put in place to mitigate the possible risks related to the activities of the electricity network operators in the Walloon Region (OROs and RESA) that will be supported with this investment.

² Commission Notice, 'Guidance on Recovery and Resilience Plans in the context of REPowerEU', 2023/C 80/01.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility (RRF). Union funds channelled through the authorities of Member States, like the RRF funds, become state resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU³. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Belgium in the RRP cannot be deemed a State aid notification. In as far as Belgium considers that a specific measure contained in the RRP entails *de minimis* aid or aid exempted from the notification requirement, it is Belgium's responsibility to ensure full compliance with the applicable rules.

3. SUMMARY OF THE ASSESSMENT OF THE RRP

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

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

The range of actions of the modified RRP, including the REPowerEU chapter, corresponds to the objectives of the Facility, with an appropriate overall balance between pillars. The allocations to the green and digital transitions (respectively, 51% and 27%) exceed the requirements of the RRF Regulation (respectively, 37% and 20%), and, therefore, the modified RRP significantly contributes to these pillars.

Green transition

Belgium's modified RRP, including the REPowerEU chapter, continues to focus significantly on supporting the green transition, with now 14 components (out of 21) directly related to this pillar.

³ Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 167, 30.6.2023, p. 1–90.

The REPowerEU chapter includes reforms and investments with estimated costs amounting to EUR 726 million that Belgium intends to deploy in order to reduce its reliance on fossil fuels and increase energy efficiency. The chapter will also accelerate the deployment of renewable energy with a new component, comprising, notably, measures to facilitate and shorten permitting procedures, accelerate appeal procedures concerning decisions on energy investments, and eliminate certain restrictions on the building of wind turbines. New investments on the optimisation of energy distribution, research and development in the production of innovative technologies in the field of solar energy and photovoltaic cells, and studies on the technical and economic feasibility of floating solar panels in the North Sea complete the new component on renewable energy.

Table 2 – Coverage of the six pillars of the Facility by the new or modified components of the Belgian RRP

Components of the Plan		Pillars of the Recovery and Resilience Facility					
		Green transition	Digital transformation	Smart, sustainable and inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation, children and young people
Axis 1	1.1.Renovation of buildings	●		●	●		○
	1.2.Emerging energy technologies	●	○	●			
	1.3.Climate & Environment	●		○		○	
Axis 2	2.1.Cybersecurity		●			●	
	2.2.Public administration		●	●	●	●	
	2.3.Fibre optic, 5G and new technologies		●	●	●		
Axis 3	3.1.Cycling and pedestrian infrastructure	●		●		●	○
	3.2.Modal shift	●	●	●	●		
	3.3.Greening road transport	●		●		●	
Axis 4	4.1.Education 2.0		●	●	●	●	●
	4.2.Training and employment for vulnerable groups		●	●	●	●	○
	4.3.Social infrastructure	○	○	●	●	●	○
	4.4.End of career and pensions				●	●	
Axis 5	5.1.Training and labour market	○	●	●	●	●	○
	5.2.Support for economic activity	○	○	●		●	
	5.3 Circular Economy	●		●		●	
Axis 6	6.1.Spending reviews					●	
Axis 7 REPowerEU	7.1. Renovation of buildings	●		●	●	○	
	7.2. New emerging energy technologies	●	○	●			
	7.3. Renewable energies	●		●			
	7.4. Mobility	●		●		●	

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

Several measures concerning the renovation of buildings included in the original RRP (component 1.1) were either removed or downsized to reflect the reduced allocation or to account for high

inflation in the sector. Some of the measures in this area were, however, transferred to the REPowerEU chapter, where additional reforms and investments supporting renovations were added (e.g. investments to equip social housing units with solar panels in Wallonia, support the energy efficient renovation of four public buildings in the Flemish Region, and equip federal public buildings with charging stations, solar panels and led lights). With respect to emerging energy technologies, the reduced budget allocated to measures in this area within component 1.2 (e.g. measures on the hydrogen value chain) is counterbalanced by the inclusion in the REPowerEU chapter of measures supporting the deployment of new energy technologies (e.g. R&D projects for optimising the infrastructure for hydrogen import and energy saving techniques, green heat and renewable energy projects in the agricultural sector in Flanders). In the transport and mobility sectors, although some measures are removed from the RRP (e.g. the investment in the high service level bus of the Walloon Region) or downsized (e.g. support to modal shift in the Brussels-Capital Region), the REPowerEU chapter will reinforce investments in the area (e.g. support to greening the bus fleet of the Brussels-Capital Region and charging stations).

In conclusion, while the proposed modification of the RRP reduces the ambition of certain measures regarding the green transition, notably due to the significant reduction in the maximum financial contribution allocated to Belgium, with the inclusion of the REPowerEU chapter, Belgium's modified RRP bolsters its green ambition and responds to REPowerEU objectives (see also 3.5 'Green Transition').

Digital transformation

The digital transformation still represents a significant part of Belgium's modified RRP. The proposed modifications to measures related to the digital transformation reduce the RRP's contribution to this pillar, but the decrease is less than proportional to the reduction of the maximum financial contribution allocated to Belgium. With respect to the components of the digital axis of the RRP, the proposed modifications consist of downsizing the budget allocated to a few measures due to the reduced allocation, postponing the deadline for the completion of two measures, and removing one measure supporting the digitalization of the Walloon government and one sub-measure supporting the connectivity of schools. Despite these changes, the RRP still includes key measures in the digital sphere, including investments to foster the resilience of companies and public administrations against cybersecurity threats, measures to support the digitalization of the public administrations (including of justice) and reforms that will contribute to the deployment of 5G and of ultra-fast connectivity infrastructure, such as fibre.

Furthermore, the RRP still includes measures to support digital inclusion and the digitalisation of education (component 4.1), as well as the digital skills of the labour force (component 5.1).

In sum, the digital contribution of the modified RRP remains similar to the one of the initial RRP, as the adjustments brought by the revision are broadly proportional to the decrease in allocation. The digital challenges identified for Belgium – such as connectivity, skills, and digitalisation of businesses – are still covered by the modified RRP (see also section 3.6).

Smart, sustainable and inclusive growth

The RRP continues to cover this pillar extensively, with nearly all components contributing to its different policy areas.

The modifications, removals or budget reductions of some measures have resulted in a slight reduction of the contribution of the modified RRP to this pillar. This includes, for example, the removal of a measure supporting R&D in the aeronautical and space sector (I-5.09), the removal or downsizing of some measures supporting building renovation and construction (component 1.1).

Despite these changes, the modified RRP still includes several measures spread across different components that are expected to support smart, sustainable and inclusive growth and improve research, development and innovation. Furthermore, measures supporting the digitalization of education and the enhancement of digital skills of the workforce are still included in the RRP and are expected to contribute to enhancing economic cohesion, jobs, productivity and competitiveness. The RRP also still includes several measures expected to contribute to a well-functioning internal market with strong small and medium-sized enterprises (SMEs), for example, measures to support the digital transformation of social security, including facilitating the communication with the social security services of other EU Member States, and thus contributing to the mobility of the labour force.

Overall, investments and reforms in the areas of green transition, research, innovation and digitalisation are set to bring about an immediate positive effect on GDP growth. Moreover, beyond their short-term effects on growth derived from higher investment expenditure, the measures in the RRP in the areas of digitalisation and research and innovation are expected to entail positive effects on total factor productivity and on labour productivity and, thus, on overall potential growth. According to RRP's estimations, the positive impact of its implementation would peak in the medium term (5 years ahead) by when GDP is expected to be 0.18 percentage points higher than in the case the RRP would not have been implemented. The impact of the RRP will persist as in the long term (more than 20 years) GDP is still expected to be 0.12 percentage point higher than in the case of the RRP would not have existed.

Social and territorial cohesion

Strengthening social cohesion continues to be one of the key objectives of the RRP, in particular addressed under its fourth axis, which notably aims at fostering the inclusion and integration of disadvantaged groups and is not subject to significant proposed modifications. The bulk of investments and reforms tackling unemployment, notably by fostering training and life-long learning (component 5.1) remains in the RRP, with some limited proposed modifications. Similarly, component 4.3, which contributes to addressing the lack of social housing for vulnerable groups and the lack of early childhood care, in particular for vulnerable households, remains broadly unchanged.

With respect to territorial cohesion, a significant part of the measures in the RRP was defined at regional level to address specific regional challenges, with funds allocated across the different regions. This continues to be the case following the modification of the RRP and the inclusion of the REPowerEU chapter. Important measures fostering sustainable mobility (e.g. Belgium's

commitment to complete its cross-regional suburban rail network within component 3.1) and digital infrastructure (e.g. the roll-out of 5G infrastructure in all regions and two fibre deployment infrastructure projects in white zone areas within the scope of component 2.3) remain in the RRP and will continue to contribute to this pillar, significantly fostering territorial cohesion.

Health, and economic, social and institutional resilience

Measures of the initial RRP that contribute to health, notably investments in e-health solutions to reinforce the overall resilience of the health system (component 2.2.) and support for training and innovation in the health and biotech sector (component 5.1) have not been altered.

Economic resilience is fostered by several measures across various components of the RRP that aim at strengthening the productivity of firms, especially SMEs and innovative companies, and at supporting the digital transition, R&D and innovation and increasing competitiveness. Despite some limited proposed modifications, the support provided by the RRP to economic resilience remains broadly unchanged.

As discussed in the section on social and territorial cohesion, the RRP continues to focus heavily on building social resilience, with components under the fourth and fifth axes oriented towards employability, including of vulnerable groups, and enhancing skills.

Lastly, measures supporting the introduction of spending reviews (component 6.1) and the enhanced resilience of Belgian public administrations in the face of cyber-attacks (component 2.1) remain broadly unchanged. Furthermore, despite the downsizing of the budget allocated to a few measures due to the revised downward allocation, the postponement of the deadline for one investment (I-2.05, 10) and the removal of one measure supporting the digitalisation of the Walloon government, the RRP (component 2.2) still strongly supports the digitalisation of public services, including the justice system. The RRP's contribution to increasing institutional resilience and efficiency remains adequate.

Policies for the next generation

The sixth pillar remains covered by reforms and investments in various components, and the RRP still includes several measures with direct impact on children and young people.

The removal or downscaling of measures supporting the renovation of public buildings (including schools) in different federated entities (component 1.1) reduced the RRP's contribution to this pillar, but is partly compensated by the inclusion in the REPowerEU chapter of a measure to support the deployment of solar panels in public schools.

Furthermore, despite the downscaling of measures supporting the renovation and upgrading of training facilities (component 5.1) and the removal of a measure to improve the connectivity of schools (component 2.3), access to quality education, youth employment and training continue to be one of the focuses of the RRP. Measures to counter early school leaving and provide personalised support to pupils (component 4.1), measures to support the increase in the capacity of childcare facilities, as well as flexible temporary childcare for jobseekers (components 4.2 and 4.3), investment in the digital infrastructure and equipment of the education system components

2.3. and 4.1), and the renovation and development of training facilities (component 5.1) will remain unchanged.

Conclusion

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

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

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

The modified RRP continues to effectively address all or a significant subset of the challenges identified in the relevant country-specific recommendations (CSRs). As compared to the initial RRP's assessment, the recommendation on providing liquidity to SMEs (CSR 2020.3.1) was considered fully implemented in the latest 2023 CSR assessment and, thus, it is no longer relevant. Belgium has also made substantial progress on a number of recommendations, which renders them no longer relevant for the assessment of the modified RRP:

- Focus investment on research and innovation (CSR 2019.3.3, 2020.3.9);
- Reinforce the overall resilience of the health system (CSR 2020.1.2);
- Mitigate the employment and social impact of the COVID-19 crisis (CSR 2020.2.1);
- Expand public investment for the green and digital transitions (CSR 2022.1.2).

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

Despite the significant reduction in the maximum financial contribution allocated to Belgium, only seven measures are completely removed from the RRP (without being re-introduced into the REPowerEU chapter and/or under the new loan support), without affecting the coverage of the 2019 and 2020 CSRs. Two of the removed measures pertain to the renovation of buildings, but large investments in renovation remain (CSR 2019.3, 2020.3, 2022.4, 2023.4). An investment in renewable heat networks is removed, but the new measures included in the REPowerEU chapter address the same recommendations (CSR 2019.3, 2020.3, 2022.4 and 2023.4), as explained in the section below. An investment in the digitalisation of regional and local governments in Wallonia is removed, but large investments in e-governance remain (CSR 2019.4, 2020.3). The same applies to the removed investment in a high-service bus lane (CSR 2019.3,

2020.3), for R&D support for the aeronautical and space sector (CSR 2019.3.3, 2020.3.9), and an investment in the circular economy and circular construction (CSR 2020.3).

The proposed scale-downs of investments in response to the reduction of the maximum financial contribution are also distributed among the different components in such a way as not to significantly affect the balance of the RRP, including the coverage of the 2019 and 2020 CSRs, taken into account in the assessment of the original RRP. The rest of the revision does not have a significant impact on the RRP's coverage of the 2019 and 2020 CSRs.

Moreover, as the maximum financial contribution allocated to Belgium has been adjusted downwards, the 2022 and 2023 recommendations not related to energy challenges are not considered in the overall assessment⁴. Most of the loans requested are earmarked for the REPowerEU chapter and address the energy CSRs mentioned below, whilst the remaining part of the loan support (EUR 49 million) is used to finance three existing measures transferred from the non-repayable support of the initial RRP, one of which is only slightly modified. These three measures continue to address CSR 2020.3.5 (sustainable transport and digitalisation of public administration).

New measures proposed by Belgium in the REPowerEU chapter adequately cover the different subparts of the energy CSRs of 2022 and 2023, which are broadly similar. Component 7.1 'Renovation of buildings' contains measures for the renovation of private (including social) and public housing aimed at improving the energy efficiency of buildings, in particular through thermal renovation and the installation of solar panels and heat pumps (CSR 2022.4.2, 2023.4). Component 7.2 'Emerging energy technologies' includes measures aimed to stimulate the decarbonisation of industry (CSR 2022.4.1, 2023.4), as well as projects to effectively and sustainably support energy grid infrastructure (CSR 2022.4.4, 2023.4), in particular for hydrogen, or research projects on energy transition. Component 7.3 'Renewable energy' focuses on investing in renewable energy generation capacity, through investments in offshore wind and solar, and by reforming the regulatory framework to stimulate the installation of photovoltaic panels and reduce the time required to bring legal proceedings for energy infrastructure projects (CSR 2022.4.4, 2023.4). Finally, component 7.4 'Greening the road transport' responds to public transport recommendations (CSR 2022.4.3, 2023.4), with measures focusing in particular on the purchase of low-emission rolling stock for public transport.

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

⁴ OJ, C 80, 3.3.2023, p. 1.

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

The proposed modifications to the Belgium RRP consist mostly of reducing and, in certain cases, removing some measures in line with the revised financial allocation, while retaining the overall ambition of the initial RRP. As such the proposed modifications do not have an impact on the previous assessment (Rating of A) of the RRP's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State. Likewise, the amended RRP continues to contribute 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. This is reflected in the previous assessment (rating of A) of the plan and detailed in the Staff Working Document (2021) 172 under criterion 2.3 of Annex V to the RRF Regulation.

3.4. The principle of 'do no significant harm'

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

Belgium's REPowerEU chapter includes a systematic assessment of each measure against the principle of 'do no significant harm' (DNSH), for each of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation. DNSH assessments have also been added or updated for new or modified measures in the non-REPowerEU part of the RRP. The assessments follow the methodology set out in the Commission's technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation (2021/C 58/01) ('DNSH Guidance'), and apply a two-step approach. The first step assesses whether there is a risk that a measure could do significant harm to one or more of the environmental objectives. In cases where the analysis identifies a risk, a more detailed assessment is performed in which the absence of significant harm is verified, or measure safeguards are provided to ensure the absence of significant harm.

While Belgium's assessment often stresses the environmental and climate benefits of measures in this assessment, it also provides information allowing to assess that measures are expected to comply with the 'do no significant harm' principle.

The renovation measures in the REPowerEU chapter do not include support for heating systems based on natural gas. Assurances were received from the Belgian authorities that the measures involving building renovation will not include support for the installation of gas boilers.

For some measures, where calls for projects or calls for interest are necessary to select specific projects, ensuring adherence with the ‘do no significant harm’ principle will require introducing specific safeguards in the milestones associated with each measure, to monitor their implementation. Specific safeguards have been introduced for measures included in the RRP that could potentially lead to investments being made in installations falling within the scope of the EU Emission Trading System (ETS). This is the case in particular for the measure ‘Call for the decarbonisation of industry’ of the Walloon Region (I-7.13). In this case, compliance with the ‘do no significant harm’ principle is ensured by excluding from eligibility all activities under the Emission Trading System with projected CO₂ equivalent emissions that are not substantially lower than the relevant benchmarks established for free allocation. This has been reflected in a corresponding milestone.

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

3.5. Green transition

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

The REPowerEU chapter provides an ambitious contribution to the green transition since all the reforms and investments it includes fully contribute to reducing the reliance on fossil fuels, increasing energy efficiency, and accelerating the deployment of renewable energies, notably by improving the framework conditions for wind energy, and by further streamlining the permitting procedures and accelerating appeal procedures.

For the climate target, the main impact concerned: (1) the withdrawal or reductions in budget of measures in the renovation component, notably concerning the renovation of public buildings in the Walloon Region (reduction in contribution of EUR 69 million); (2) the reduced budget for the measures on the hydrogen value chain (reduction of EUR 96 million) and withdrawal of the investment in heat networks in the Flemish Region (EUR 44.3 million); (3) the reduction of the budget of the Blue Deal (by EUR 100 million); and, (4) a reduction in climate contribution of Axis 5 of around EUR 50 million due to the withdrawal of two measures, ‘Support of R&D in the aeronautics and space sector’ of the Federal State (I-5.09) and ‘Circular economy & circular

construction’ of the Flemish Region (I-5.17), and the reduction in budget of measure ‘Deployment of the circular economy’ in the Walloon Region (I-5.16). This reduction is broadly in line with the decrease in financial contribution. The climate contribution of the revised existing part of the RRP (without REPowerEU chapter) thus remains much higher than the minimum required, even if reduced compared to the one of the initial RRP, standing at EUR 2.1 billion or 45% (against 50% for the original RRP) of the updated RRF financial contribution.

The climate contribution of the REPowerEU chapter is 88% (EUR 637 million) of the total estimated cost of the REPowerEU chapter of EUR 726 million, which is well above the 37% target set out in the RRF Regulation.

In total, the whole RRP (including revised measures and the REPowerEU chapter) contributes to the climate target at 51% (EUR 2.7 billion) of Belgium’s maximum financial contribution (including the REPowerEU allocation amount, the transfer from the Brexit Adjustment Reserve and the loan support) of EUR 5.3 billion, which is also well above the target of 37% required by the RRF Regulation.

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

3.6. Digital transition

The modification of the RRP does not materially impact its ambition towards the digital transition, nor the initial assessment. The modified RRP continues to significantly contribute to the digital transition with a cross-cutting approach, by supporting cybersecurity, the digitalisation of businesses and public administration, and (high-speed) connectivity. It also contributes to the digitalisation of the transport sector, to increasing the digital skills of the workforce, pupils and the population more broadly (including vulnerable groups). The reforms and investments are still expected to have a lasting impact.

Many of the measures contributing to the digital transition remain unmodified or retain the same financial allocation. The measures completely withdrawn (which are only a few) or reduced do not materially impact on the overall ambition of the RRP regarding the digital transition, as they also reflect the decreased total allocation to the Belgian RRP. The main impact of the revision concerns measures from components 2.2 and 2.3, as well as 4.1 and 5.1. The total decrease in the contribution to the digital target amounts to approximately EUR 331 million. This decrease caused by the revision of the RRP is less than proportional to the decrease in the maximum financial contribution (approximately EUR 1.4 billion). Therefore, the contribution to the digital transition of the modified RRP (excluding the REPowerEU chapter) stands at 27% (EUR 1 247 million) of

Belgium's revised maximum contribution of EUR 4 574 million (including RRP loans), which is above the required target of 20% set out in the RRF Regulation.

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

3.7. Lasting impact of the RRP

In spite of the material reduction in the maximum financial contribution, the modified RRP only marginally reduces the ambition of the initial RRP as a whole. It takes into account the reduced financial contribution, the prolonged impact of the COVID-19 crisis⁵, inflation and supply chain disruptions, as well as some unexpected legal or technical difficulties for the implementation of some measures. Belgium has decided to use the possibility to ask for loans in order to mitigate the impact of the reduction in the maximum financial contribution on the level of ambition of the original RRP. The majority of the loans will be used to finance the new REPowerEU chapter, while the remainder will be mostly used to finance measures previously supported by the financial contribution. The REPowerEU chapter, in addition to the existing measures, is also expected to have lasting positive effects on the Belgian economy and further boost its green transition. In particular, the REPowerEU measures are expected to contribute to the green transition, by supporting Belgium's decarbonisation effort, the greening of its transport network, energy transition, and reduce its energy dependence. The REPowerEU measures for the decarbonisation of industry and energy renovation of private and public buildings are expected to have a lasting impact on the reduction of greenhouse gas emissions. The chapter contains new investments on the optimisation of energy distribution, research, and development on the production of innovative technologies in the field of solar energy and photovoltaic cells, studies on the technical and economic feasibility of floating solar panels in the North Sea, which will contribute to the green transition. Reforms included in the REPowerEU chapter are also expected to have a long-lasting impact on Belgium, notably by improving the framework conditions for renewable energy and by further streamlining the permitting procedures and accelerating appeal procedures.

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

⁵ The prolonged impact of the COVID-19 crisis for example delayed construction works (for example for investment C8.I7 boarding schools for excellence) or prevented the organisation of in-person trainings (for example related to investment C8.I22 on the increase of *Pôle Emploi*).

3.8. Milestones, targets, monitoring and implementation

The milestones and targets of the modified Belgian RRP enable an adequate monitoring of its implementation. Each of the new reforms and investments introduced under the new REPowerEU chapter includes at least one target and/or milestone that contains the key elements of the measure and allows for the assessment of the achievement of its objectives. This new chapter includes a set of 36 new milestones and targets. For reforms taking the form of a new legal act, such as the federal reform of the administrative appeal procedures at the Council of State (R-7.02), the milestone is the entry into force of the new piece of legislation, thereby capturing the actual implementation of the new provisions.

The performance of the investments included in the new REPowerEU chapter will be assessed on the basis of the achievement of multiple milestones and targets monitored by each public entity in charge of implementing the measures. The targets chosen – some of which build on existing targets for the upscaled measure – are consistent with the objectives, cost estimates and implementation schedule of each measure, and quantified by specific indicators reflecting the result of the works undertaken (for example, the number of housing units renovated, or the number of LED luminaires installed on motorways). Where appropriate, the level of ambition is also verified (e.g. achievement of at least 30% energy savings, for the renovation measures qualifying for a 100% climate tagging).

Apart from the changes made under Article 18(2) of the RRF Regulation, which reflect the downward revision of Belgium's maximum financial contribution, the adjustments made to the RRP's 210 original milestones and targets do not affect the plan's overall level of ambition and may, in some cases, help clarify monitoring procedures and better assess the achievement of some key measures. The modified RRP, for instance, specifies more clearly the climate tagging requirements in the milestones and targets of the renovation component (C1.1), to allow identifying the part of the various investments to which the 30% energy savings condition applies.

The initially assessed overall organisational arrangements for the implementation of the plan remain the same, with inter-federal coordination mechanisms that have been established to monitor and implement the plan next to arrangements at individual entity level (see also 3.10 Controls and audit).

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

3.9. Costing

In general, Belgium provided clear information and evidence on costs, including references to actual tender data. For modified measures, the proportionality of the cost modifications was assessed, based on the estimated unit costs in the original RRP. For reductions in costs proportional to the reduction in ambition of the relevant milestones and targets, the estimated costs were

generally considered to be reasonable, plausible, cost-efficient and commensurate with the expected national economic and social impact, in accordance with the cost assessment of the initial RRP. Measures with a non-proportional modification of the costs were assessed further together with the costs of new measures, for which Belgium submitted estimates and information on the methodology used to develop them. Belgium also provided further information and evidence upon request.

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

Reasonable costs

Belgium provided actual data and evidence supporting unit cost estimates, together with adequate explanations of the calculation methodology in most cases. For modifications under Article 21, any variations in unit costs due to objective circumstances, such as inflation, were duly justified and supporting evidence provided. For modifications under Article 18, where the proportionality of the reduction was not immediately apparent, more detailed information on the breakdown of the measure was provided, in order to ascertain whether it was indeed a proportional reduction. In the case of non-proportional reductions, additional information, justifications and calculations of the estimated unit costs were provided, supported by actual data or indications of the information sources.

For the REPowerEU chapter, the cost estimates for the new investments were justified using actual data, and a breakdown of the costs by sub-measure was provided where relevant. The cost-related information in the REPowerEU chapter was sufficiently exhaustive, with explanations related to the methodology used to derive cost estimates.

Thus, the modified and new measures are assessed as having high or medium reasonability. The new measures included in the Belgian RRP, including those in the REPowerEU chapter, also comply with the eligibility criteria set out in the RRF Regulation. No recurring national expenditure is included in the new measures. All costs are incurred for reforms and investments started after February 2020, and for the measures in the REPowerEU chapter after February 2022, except in some cases where they are transferred from the initial RRP or scale-ups of such measures. Value-added tax (VAT) is not included in any of the cost estimates.

Plausible costs

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

No double Union financing

Belgium has indicated that the new measures, including those in the REPowerEU chapter, funded under the RRF, will not be financed by other Union funding. For modified measures that are also financed by other EU funds, Belgium has indicated those other EU financing sources and delineated the part of the investment funded under the RRF.

Commensurate and cost-efficient costs

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

The justification provided by Belgium on the amount of the estimated total costs of the modified RRP is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate with the expected national economic and social impact. Belgium provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified RRP to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under the assessment criterion 2.9 of Annex V to the RRF Regulation.

3.10. Controls and audit

The original assessment of the robustness and adequacy of the control system and other arrangements included in the Belgian RRP had concluded that these arrangements are adequate subject to the timely fulfillment of two milestones pertaining (a) to a repository system for monitoring the implementation of the RRP, including the minimum functionalities; and (b) to the implementation of adequate coordination arrangements, including cross-checks, at the level of the coordinating body at inter-federal level, allowing to avoid double funding from the Facility and other Union programmes, in accordance with the principle of sound financial management. This warranted a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

The Belgian authorities have confirmed that the internal control system, as well as arrangements for the prevention, detection and correction of fraud, corruption, conflict of interest and double funding as previously assessed remain in place.

The modifications to the original plan and the introduction of the REPowerEU chapter as such do not affect the original assessment. However, in the context of the modification of the Belgian RRP, its audit and control system need to be reassessed on the basis of criteria 2.10 of Annex V to the

RRF Regulation. Since the original assessment, the Commission has had access to information on its actual implementation. This includes the findings of the audit on the protection of the financial interests of the Union performed by the Commission in Belgium.

In light of this information, the Commission considers that the internal control system of the Belgian RRP is overall adequate, but it has some deficiencies that must be addressed. In this context, two audit and control milestones have been introduced to remedy the weaknesses.

Robustness of internal control system and distribution of roles and responsibilities

The previous assessed arrangements as regards the roles and responsibilities of the actors for control and audit, segregation of functions and independence of actors performing audits remain adequate in the revised RRP.

Adequacy of control systems and other relevant arrangements

The control system and other arrangements to prevent, detect and correct fraud, corruption and conflicts of interest when using funds provided by RRF continue to appear overall adequate.

The collection and storage of the data required by Article 22(2)(d)(i)-(iii) of the RRF Regulation are decentralised at the level of each competent government. All repository systems at federal level and at the level of each federated entity have been audited by their respective audit authorities, prior to the submission of the first payment request, under assessment by the Commission's services at the time of drafting this document. The legislative framework⁶ has been amended to allow all competent bodies, at all levels of government, to have direct access to the data recorded in the Belgian Ultimate Beneficial Owner register, since 17 February 2023, with a view to collecting data on beneficial owners.

Nevertheless, systemic issues were identified in relation to anti-fraud and anti-corruption policies, functional whistleblowing channels, on the spot verifications targeting PFIU matters, procedures on reporting irregularities to OLAF and other competent bodies, ex-ante verifications for conflict of interest, procedures within the implementing bodies with regard to the verification of compliance with Union and national law, as well as the procedures in place at the level of the bodies signing the management declarations ensuring that they obtain assurance that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflicts of interest, fraud, prevention of corruption and double funding.

Hence, two milestones have been proposed to be included in the RRP for this purpose. The first one shall cover the adaptation of the manuals of procedures documents outlining management and control systems by the coordinating bodies, in collaboration with the implementing bodies if necessary, and issue related instructions to the implementing bodies with the objective to strengthen the framework to prevent, detect, and correct any serious irregularities such as fraud, conflict of interest, corruption and double funding, including as a minimum provisions requiring

⁶ Amendment of the Law of 18 July 2017 on the prevention of money laundering and terrorist financing and the restriction of the use of cash and amendment the royal decree of 30 July 2018 on the operating modalities of the UBO register.

anti-fraud and anti-corruption strategies, functional internal and external whistleblowing channels, on-the-spot verifications, procedures on the reporting of irregularities to OLAF and other competent authorities, and procedures with regard to the verification of compliance with Union and national law, in particular concerning public procurement and state aid. The manuals/documents shall include procedures in relation to obtaining assurance for the signature of the management declarations accompanying the payment request submitted to the Commission. In addition, where the Inspectorate of Finances has been tasked with responsibility of such controls, the relevant coordinating bodies shall adopt and send a communication to the Inspectorate of Finance with regard to the ex-ante verifications on compliance with Union and national law and on the protection of the financial interests of the Union to be conducted in line with Regulation (EU) 2021/241. The second milestone shall cover the instructions issued by the coordinating bodies to all implementing bodies with regard to ex-ante verifications, before the signature of contracts or award of grants, of the risk for conflict of interest in the implementation of measures. This shall include mandatory declarations on the absence of conflict of interest from the persons involved at all stages of the selection procedures for both calls for tenders and calls for projects, and, on a risk basis, the use of an appropriate risk assessment tool in view of performing the checks on conflict of interest outlined in the instructions. The instructions shall define conflict of interest in line with Article 61 of the Financial Regulation.

Adequacy of arrangements to avoid double EU funding

All entities have described their own procedures for avoiding double EU funding in the documents submitted in the context of the revised RRP. The governance model for the management and monitoring of the RRP is decentralised following Belgium's federal structure, where each entity exercises its powers autonomously in its areas of competence and organises the implementation of the plan, including to avoid double EU funding. These arrangements are considered to be adequate subject to fulfillment of audit and control milestone (M210) prior to the first payment request. It concerns the need to ensure that the implementation of appropriate coordination arrangements, including cross-checks, be put in place at the level of the coordinating body at inter-federal level, making it possible to avoid double funding from the Facility and other Union programmes, in accordance with the principle of sound financial management. The fulfillment of this milestone is under assessment at the time of drafting this document.

Legal empowerment and administrative capacity of control function

In all six entities, the first-level controls (management verifications) have been assigned to different public bodies that are part of the existing internal control framework for budget implementation in the various entities. Belgium did not communicate any changes in these aspects when submitting the revised RRP. Likewise, the mandates of the audit bodies remain in place.

Conclusion

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

3.11. Coherence

The Belgian RRP displays a mostly coherent set of reforms and investments. The modified RRP presented by Belgium is structured along seven coherent axes, which support the common objectives of stimulating the recovery of the Belgian economy, contributing to the twin transition and increasing Belgium's resilience to face the challenges of the twenty-first century on the path to a sustainable and inclusive growth. The modification of the RRP amends five out of six existing axes, and brings an additional (seventh) axis, the REPowerEU chapter. The RRP does not present inconsistencies or contradictions between the content of the different axes.

Measures within axes are mutually reinforcing, with components generally including a set of mostly balanced reforms and investments, as explained hereafter.

Mutually reinforcing measures

The modifications to the RRP do not negatively alter the axes' coherence, nor the coherence of the plan as a whole. They do not alter the way in which they reinforce each other. The additional REPowerEU chapter is broadly consistent with the measures deployed under the initial RRP to support the green transition and further reinforces the ambition of some of them, in particular the investments in projects aimed at reducing its overall energy dependency by stimulating decarbonisation of industry and domestic renewable energy production. The REPowerEU chapter is built around a mostly consistent combination of mutually reinforcing reforms and investments to support energy renovation of buildings, emerging new technologies, renewables and the greening of road transport in Belgium. However, it is rather dispersed, with many new investments of limited size, whilst there is only one scale-up of an existing measure already included in the initial RRP.

Complementarity of measures

The modifications made to existing axes of the RRP do not negatively alter the way in which these axes complement each other. The additional axis related to REPowerEU's objectives, in turn, brings a new layer of complementarity, as it includes new and transferred measures, arranged into four complementary components: (i) renovation of buildings; (ii) new emerging energy technologies; (iii) renewable energy; and, (iv) greening road transport. Several measures (reforms and investments) aim to accelerate the development of renewable energy, in particular by streamlining permitting procedures and shortening the handling of appeals against permits. Furthermore, other new reforms and investments stimulate energy renovation of buildings, support the installation of heat pumps and solar panels, or aim at the decarbonisation of industry. Three transferred investments from the original plan target sustainable mobility. Yet, the REPowerEU chapter is rather fragmented, with many small new measures that occasionally, pursue unrelated objectives.

At the level of the modified RRP, all axes pursue complementary aims, with no contradictory goals. At the same time, some complementarity concerns expressed regarding the initial RRP still hold. Firstly, the plan could have better exploited the potential of some investments through

more far-reaching complementary reforms. For example, investments in education (e.g. IT infrastructure) could have been complemented by reforms enhancing the educational benefits of such investments for students, such as reforms in initial teacher education and teachers' professional learning development. Likewise, investments in training facilities in Wallonia could have been complemented by a reform of vocational education and training in the French-speaking Community. Secondly, the productivity axis is composed of rather heterogeneous measures in training, circular economy, R&D and industrial support, without clear synergies or complementarity. Thirdly, many reforms and investments are not applied uniformly and consistently across the country, which would be warranted. For example, reforms to reduce the administrative burden are presented in Flanders and Brussels, but not in Wallonia. The RRP foresees the development of two individual learning accounts (one at the federal level and one at the regional level), rather than the creation of one integrated account, which would increase the transparency towards citizens as regards the available training incentives. The Belgian authorities have, however, committed to coordinating the implementation of these measures.

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

3.12. REPowerEU

The measures included in the REPowerEU chapter (see Section 2.2) will contribute to a large extent to the objectives pursued by the RRF Regulation. The implementation of the envisaged measures is expected to effectively contribute to boosting energy efficiency in buildings, decarbonising industry, increasing production and uptake of renewable and fossil-free hydrogen, and increasing the share and accelerating the deployment of renewable energy. The reform of the Council of State should facilitate the granting of permits and favour the rapid deployment of renewable energy. Component 7.1: Renovation of Buildings addresses the REPowerEU objectives of increasing the energy efficiency of buildings (Article 21c(3), point (b) of the RRF Regulation), and also contributes to the sub-objectives of reducing energy poverty (Article 21c(3), point (c) of the RRF Regulation) and reducing energy demand through incentives (Article 21c(3), point (d) of the RRF Regulation). Component 7.2: New Emerging Energy Technologies aims to improve energy infrastructure and installations to increase the share of renewable energy in the energy mix (Article 21c(3), point (b) of the RRF Regulation), supports decarbonising the economy (Article 21c(3), point (b) of the RRF Regulation), contributes to reducing energy demand through incentives (Article 21c(3), point (c) of the RRF Regulation), and supports the development of a value chain in green transition technologies (Article 21c(3), point (f) of the RRF Regulation). Component 7.3: Renewable Energy addresses the objective of increasing the share and accelerating the deployment of renewable energy (Article 21c(3), point (b) of the RRF Regulation),

the objective of accelerating the integration of renewable energy sources (Article 21c(3), point (e) of the RRF Regulation), and the objective of supporting the development of a value chain in technologies related to the green transition (Article 21c(3), point (f) of the RRF Regulation). Component 7.4: Greening Road Transport is in line with the objective of supporting zero-emission transport and its infrastructure (Article 21c(3), point (e) of the RRF Regulation), and help to reduce energy demand (Article 21c(3), point (d) of the RRF Regulation).

There are some gaps in terms of geographical coverage, such as decarbonisation of industry, which is only addressed in Wallonia, and public transport, only addressed in Brussels. However, the decarbonisation of industry is also indirectly stimulated by the transferred investment in the H₂ transport network and by the new investment in the energy import infrastructure for H₂ (both at federal level).

Moreover, the measures in the REPowerEU chapter are part of Belgium's broader efforts to reach greater energy sovereignty and reduce its greenhouse gas emissions, in view of the EU's 2030 climate reduction target of 55%. The envisaged measures also respond to the need for more ambitious climate policies (including, *inter alia*, the European Climate Law, the Fit For 55 package and its implementation), an accelerated energy transition and greater energy security, while leaving 'no one behind'.

Finally, it must be noted that consultations were held with stakeholders in the preparation of this chapter, which have followed different steps across the various entities (i.e. the federal government, the three regions and the three linguistic communities). Belgium provided a summary of the stakeholder consultation process carried out in the context of the amendment of the RRP and for the preparation of the REPowerEU chapter.

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

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

The majority of the measures included in Belgium's REPowerEU chapter have a multi-country or cross-border dimension (Table 3). The REPowerEU chapter contributes to reducing dependency on fossil fuels and to reducing energy demand by improving the energy efficiency of buildings, supporting the decarbonisation of industry, and developing the production of renewable energy. 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. The total estimated costs of these measures account for a total of EUR 658 million, representing 90,6% of the estimated costs of the REPowerEU chapter, above the indicative target of 30%.

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

Table 3 - Cross-border or multi-country dimension or effect of REPowerEU measures

REPowerEU measures		Cost (EUR million)	Contribution to target in % of REPowerEU estimated costs
I-7.01	Improved energy subsidy scheme of the Brussels-Capital Region	5.02	0.69%
I-7.02	Improved energy subsidy scheme of the Flemish Region	50.97	7.02%
I-7.03	Energy grants for private housing of the German-speaking Community	2.4	0.33%
I-7.04	Renovation of social housing of the Walloon Region	30	4.13%
I-7.05	Energy-climate measures in public buildings of the Federal state	5.5	0.75%
I-7.06	Renovation of public buildings of the Flemish Region	25.48	3.51%
I-7.07	Energy measures for public schools of the Flemish Region	25.48	3.51%
I-7.08	Energy measures for the care buildings of the Flemish Region	24.02	3.31%
I-7.09	Energy measures for the VRT building of the Flemish Region	10.19	1.40%
I-7.10	Energy measures for the AWV buildings of the Flemish Region	8.41	1.15%
I-7.11	Research platform for energy transition of the French Community	23.54	3.24%
I-7.12	Energy import infrastructure of the Federal State	14.00	1.93%
I-7.13	Call for the decarbonisation of industry of the Walloon Region	71.46	9.85%
I-7.14	Call for climate action in agriculture of the Flemish Region	5.00	0.68%
I-7.15	Backbone for H2 of the Federal State	95.00	13.10%
I-7.16	Floating solar of the Federal State	12.50	1.72%
I-7.17	Optimisation of energy distribution' of the Walloon Region	76.00	10.48%
I-7.18	Innovative renewable energy production initiatives of the Flemish Region (VLAIO)	19.02	2.62%
I-7.19	Removing barriers to renewable energy of the Federal State	13.50	1.86%
I-7.20	Off-shore energy island of the Federal State - projects	100.00	13.79%
I-7.23	Public LED lighting of the Flemish Region	39.50	5.44%
Total		657.98	90.61%

ANNEX I: Climate tracking and digital tagging⁷

New or modified measures compared to the original plan are highlighted in the table below.

Measure / Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
R-1.01	Improved energy subsidy scheme of the Flemish Region - home batteries	20,05	033	100%	033	40%
R-1.01	Improved energy subsidy scheme of the Flemish Region (investment part) – (except home batteries)	205,35	025	40%		
R-1.02	Improved energy subsidy scheme (investment part) – Brussels-Capital region	16,00	025	40%		
I-1.01	Renovation of social housing of the Flemish Region - subsidies	30,00	025bis	100%		
I-1.02	Renovation of social housing of the Brussels-Capital Region	31,26	025bis	100%		
I-1.03	Renovation of social and residential housing of the German-speaking Community	15,00	025bis	100%		
I-1.04	Renovation of public buildings of the Federal State - Stock Exchange building (works achieving at least 30% average primary energy demand reduction)	6,32	026bis	100%		
I-1.05	Renovation of public buildings – Flemish Region	20,00	025	40%		
I-1.07	Public building renovations - Walloon Region – local authorities	71,80	026bis	100%		
I-1.07	Public building renovations - Walloon Region - sport (energy efficiency related part)	46,73	026	40%		
I-1.08	Public building renovations - Brussels-Capital region	29,00	026bis	100%		
I-1.09	Renovation of public buildings - schools – French Community – construction of new energy efficient buildings	158,00	025ter	40%		
I-1.10	Renovation of public buildings - sport & IPPJ - French Community ((works achieving at least 30% average primary energy demand reduction))	16,56	026bis	100%		
I-1.10	Renovation of public buildings - sport & IPPJ - French Community (construction of new energy efficient buildings)	10,65	025ter	40%		
I-1.11	Public building renovations - universities - French Community (works achieving at least 30% average primary energy demand reduction)	12,44	026bis	100%		
I-1.11	Public building renovations - universities - French Community (other energy efficiency related works)	20,74	026	40%		
I-1.12	Public building renovations - culture - French Community (works achieving at least 30% average primary energy demand reduction)	18,79	026bis	100%		
I-1.12	Public building renovations - culture - French Community (energy efficiency related works)	19,39	026	40%		

⁷ While the estimated cost of Belgium's RRP exceeds the country's total allocation of non-repayable financial support, Belgium will ensure that all spending related to the measures mentioned in this table as contributing to climate objectives are fully financed by the funds from the RRF.

I-1.15	An industrial value chain for hydrogen transition - Federal State	50,00	022	100%		
I-1.16	An industrial value chain for hydrogen transition of the Flemish Region - production from renewable energy	7,77	032	100%		
I-1.16	An industrial value chain for hydrogen transition of the Flemish Region - transmission, distribution, storage and energy systems	62,90	033	100%	033	40%
I-1.16	An industrial value chain for hydrogen transition of the Flemish Region - end user refuelling & transport	4,34	077	100%		
I-1.17	An industrial value chain for hydrogen transition' of the Walloon Region – IPCEI projects	87,42	032	100%		
I-1.18	Developing the low-carbon industry of the Walloon Region –R&D&I projects	34,32	022	100%		
I-1.22	Biodiversity and adaptation to climate change of the Walloon Region – Forests & Remeandering	24,05	035 037	100%		
I-1.22	Biodiversity and adaptation to climate change of the Walloon Region – Protected areas & National parks	50,00	050	40%		
I-1.23	Ecological defragmentation of the Flemish Region	24,70	050	40%		
I-1.24	Blue Deal of the Flemish Region (Projects A-C-F-G-I) & Research and innovation (subproject B)	180,13	037 022	100%		
I-1.24	Blue Deal of the Flemish Region (Project D)	10,00	047	40%		
I-2.01	Cybersecurity and resilient digital society of the Federal State	52,13			021qui nquies	100%
I-2.02	Cybersecurity of the Federal State - 5G	8,26			021qui nquies	100%
I-2.03	Cybersecurity of the Federal State: NTSU/CTIF interception and safeguard	18,18			021qui nquies	100%
I-2.04	Digitalisation IPSS of the Federal State	60,00			011	100%
I-2.05	Digitalisation Federal administration services	217,73			011 012 011quat er 027bis	100%
I-2.06	eHealth Services et Health Data of the Federal State	40,00			013	100%
I-2.07	Digitalisation of ONE of the French Community	16,12			011	100%
I-2.08	Digitalisation of the cultural and media sector of the French Community	8,56			021bis	100%
I-2.09	Digitalisation of the Flemish Government	54,50			011	100%
I-2.10	Regional data exchange platform of the Brussels-Capital Region	17,67			011	100%
I-2.11	Digitalisation of citizen-business processes of the Brussels-Capital Region	33,14			011	100%
I-2.13	Coverage of white areas by developing very high-speed fibre optic networks of the German-speaking Community	19,50			051	100%
I-2.14	Development of an AI institute in the Brussels-Capital Region - Digital skills development	1,47			108	100%
I-2.14	Development of an AI institute in the Brussels-Capital Region - Smart specialization skills development	8,44			016	40%
I-2.15	Improving (internal) connectivity of schools and business parks in the Walloon Region – Fibre connectivity of 35 business park.	15,00			053	100%
I-3.01	Cycling infrastructure of the Flemish Region	210,91	075	100%		

I-3.02	Cycling infrastructure – Corridors Vélo of the Walloon Region	21,24	075	100%		
I-3.03	Cycling infrastructure – Vélo Plus	34,10	075	100%		
I-3.04	Cycling infrastructure – Schuman	17,40	075	100%		
I-3.07	Metro extension Charleroi	60,00	073	100%		
I-3.08	Smart road signals – Walloon Region	26,64	084bis	40%	084bis	100%
I-3.09	Accessible and multimodal train stations of the Federal State – urban stations	59,29	073	100%		
I-3.09	Accessible and multimodal train stations of the Federal State – rural stations	15,71	079	40%		
I-3.10	Rail renovation – efficient network of the Federal State (TEN-T and electric/zero emission)	226,39	067 068 069bis	100%		
I-3.10	Rail renovation – efficient network of the Federal State (other rail renovation)	22,32	066 069	40%		
I-3.10	Rail renovation – efficient network of the Federal State – automatisisation of the Traffic Management System	10,00	070	40%	070	100%
I-3.11	Canal Albert and Trilogiport of the Walloon Region	18,43	079 082bis	40%		
I-3.12	Rail – Smart mobility of the Federal State	15,00	070	40%	070	100%
I-3.13	Mobility-as-a-Service (MaaS) deployment of the Brussels-Capital Region	5,65	076bis	40%	076	100%
I-3.14	Modal shift grants of the Brussels-Capital Region	7,00	048	40%		
I-3.15	Smart move of the Brussels-Capital Region	51,00	063bis	40%	063bis	100%
I-3.16	Greening the bus fleet of the Flemish Region	55,50	074 077	100%		
I-3.17	Greening the bus fleet of the Brussels-Capital Region	9,58	074	100%		
I-3.18	Charging stations of the Federal State	32,00	077	100%		
I-3.19	Charging stations of the Flemish Region	29,46	077	100%		
I-3.20	Greening the bus fleet of Wallonia	36,60	074 077	100%		
I-4.01	Digisprong of the Flemish Community	286,86			055 012 011	100%
I-4.04	Digital strategy for higher education and adult learning of the French Community	24,44			108	100%
I-4.05	Digital turnaround for Brussels schools of the Brussels-Capital Region	5,20			012	100%
I-4.06	Digital transformation of education of the German-speaking community	3,68			012	100%
I-4.08	E-inclusion for Belgium of the Federal State	30,00			012	100%
I-4.09	Digital platforms for prisoners of the Federal State	12,40			012	100%
I-4.11	Digibanks of the Flemish Region	50,00			012	100%
I-4.12	Development of public utility housing and housing for vulnerable persons of the Walloon Region -Low-rent housing & inclusive and solidarity-based housing	95,64	025ter	40%		

I-4.12	Development of public utility housing and housing for vulnerable persons of the Walloon Region -Remote assistance boxes	15,00			013	100%
I-4.13	Creation and renovation of early childcare infrastructure of the Walloon Region – construction & renovation	61,00	025ter 026	40%		
I-4.13	Creation and renovation of early childcare infrastructure of the Walloon Region – Software for managing immovable property	0,42			011	100%
I-5.01	A6K/E6K Digital and Technological Innovation and Training Hub of the Walloon Region	86,80	025ter 026	40%		
I-5.02	EU Biotech School and Health Hub of the Walloon Region	24,80	025ter	40%		
I-5.03	Upgrading of advanced training infrastructure of the Walloon Region	46,25	025ter	40%		
I-5.04	Learning and career offensive —Flemish Community - support to social economy	12,00			016	40%
I-5.04	Learning and career offensive – Flemish Community – On-line training offer	18,26			012	100%
I-5.06	Digital skills of the Flemish region	34,88			012	100%
I-5.07	Digital lifelong learning of the Walloon Region	16,75			012	100%
I-5.08	Nuclear medicine of the Federal State	11,60	044	40%		
I-5.10	R&D: Minimization of waste during dismantling of the Federal State	25,00	044	40%		
I-5.11	Strengthen R&D of the Flemish Region - R&D&I projects and strengthening industrial research fund	37,00			018 021	40%
I-5.11	Strengthen R&D of the Flemish Region - Scientific and technological infrastructure	100,00	023	40%		
I-5.11	Strengthen R&D of the Flemish Region - Impulse program value chain microelectronics	20,00			021 quarter	100%
I-5.12	Relocation of food and development of logistics platforms of the Walloon Region	61,49	047	40%		
I-5.13	Digitalisation of the Walloon touristic sector	2,35			011	100%
I-5.14	Recycling Hub of the Flemish Region	30,00	044	40%		
I-5.15	Belgium Builds Back Circular of the Federal State	28,97	023 047	40%		
I-5.16	Deployment of the circular economy in the Walloon Region	64.85	023	40%		
I-5.18	SMELD: State-of-the-art METal MELting Limiting waste during D&D' of the Federal State	13.40	044	40%		
REPowerEU chapter						
I-7.01	Improved energy subsidy scheme of the Brussels-Capital Region	5,02	025	40%		
I-7.02	Scaled-up measure: Improved energy subsidy scheme of the Flemish Region	50,97	025	40%		
I-7.03	Energy grants for private housing of the German-speaking Community	2.40	025	40%		
I-7.04	Renovation of social housing of the Walloon Region	30,00	029	100%		
I-7.05	Energy-climate measures in public buildings of the Federal state (LED lights)	2,50	026	40%		

I-7.05	Energy-climate measures in public buildings of the Federal state (charging stations and solar panels)	3,60	077 029	100%		
I-7.06	Renovation of public buildings of the Flemish Region	25,48	026bis	100%		
I-7.07	Energy measures for public schools of the Flemish Region	25,48	029	100%		
I-7.08	Energy measures for care buildings of the Flemish Region	24,02	026	40%		
I-7.09	Energy measures for the VRT building of the Flemish Region (LED lights)	7,01	026	40%		
I-7.09	Energy measures for the VRT building of the Flemish Region (heat pump and solar panels)	3.18	032	100%		
I-7.10	Energy measures for the AWV buildings of the Flemish Region	8.41	026bis	100%		
I-7.11	Research platform for energy transition of the French Community	23,54	022	100%		
I-7.12	Energy import infrastructure of the Federal State	14,00	022	100%		
I-7.13	Call for the decarbonisation of industry of the Walloon Region	71,46	022	100%		
I-7.14	Call for climate action in agriculture of the Flemish Region	5,00	024	40%		
I-7.15	Backbone for H2 of the Federal State	95,00	033	100%	033*	40%
I-7.16	Floating solar of the Federal State	12,50	029	100%		
I-7.17	Optimisation of energy distribution of the Walloon Region	76,00	033	100%	033*	40%
I-7.18	Innovative renewable energy production initiatives of the Flemish Region – R&D Solar energy	9,02	022	100%		
I-7.18	Innovative renewable energy production initiatives of the Flemish Region – Shore-side electricity	10,00	080bis	40%		
I-7.19	Removing barriers to renewable energy of the Federal State	13,50	028	100%		
I-7.20	Off-shore energy island of the Federal State - projects	99,00	033	100%	033*	40%
I-7.20	Off-shore energy island of the Federal State – biodiversity studies and impact assessment	1,00	049	40%		
I-7.21	Greening of the bus fleet – RBC of the Brussels-Capital Region	34,72	074	100%		
I-7.22	Charging stations - FED of the Federal State	7,00	077	100%		
I-7.23	Public LED lighting of the Flemish Region	39,50	026	40%		
I-7.24	Rail – efficient network of the Federal State	6,30	069bis	100%		
I-7.25	Charging infrastructure for busses of the Brussels-Capital Region	20,00	077	100%		

Int. Field = Intervention field

Coeff. % = Coefficient for the calculation of support to climate change objectives and to digital transition, on the basis of Annex VI and Annex VII to the RRF Regulation

* Reforms and investments in the REPowerEU chapter are not taken into account when calculating the plan's contribution to the digital target requirement set by Regulation (EU) 2021/241.