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COUNCIL IMPLEMENTING DECISION

of ...

on the approval of the assessment of the recovery and resilience plan for Belgium

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹, and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 57, 18.2.2021, p. 17.

Whereas:

- (1) The COVID-19 outbreak has had a disruptive impact on the economy of Belgium. In 2019, the gross domestic product (GDP) per capita of Belgium was 133 % of the Union average. According to the Commission's spring 2021 forecast, the real GDP of Belgium declined by 6,3 % in 2020 and is expected to decline by 2,0 % cumulatively in 2020 and 2021. Long-standing aspects with an impact on medium-term economic performance include in particular the high public debt ratio, a relatively high tax burden on labour, comparatively high structural unemployment and inactivity rates, and a business environment which is not always conducive to entrepreneurship.

- (2) On 9 July 2019 and on 20 July 2020, the Council addressed recommendations to Belgium in the context of the European Semester. In particular, the Council recommended Belgium to take all necessary measures to effectively address the pandemic, to sustain the economy and to support the ensuing recovery, and when economic conditions allow, to pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Also in relation to public finances, the Council recommended Belgium to continue reforms to ensure the fiscal sustainability of the long-term care and pension systems, including by limiting early exit possibilities from the labour market, to improve the composition and efficiency of public spending, in particular through spending reviews, and to improve the coordination of fiscal policies by all levels of government to create room for public investment. In addition, the Council recommended Belgium to reinforce the overall resilience of the health system, to ensure the supply of critical medical products and to mitigate the employment and social impact of the crisis, in particular by promoting effective active labour market measures and by fostering skills development. In addition, the Council recommended Belgium to ensure the effective implementation of the measures to provide liquidity to assist small and medium-sized enterprises and the self-employed as well as to improve the business environment, including by reducing the regulatory and administrative burden to incentivise entrepreneurship and remove barriers to competition in services, particularly telecommunication, retail and professional services.

With regard to investment, the Council recommended Belgium to frontload mature public investment projects and promote private investment to foster the economic recovery and to focus investment on the green and digital transitions, in particular on infrastructure for sustainable transport, including upgrading rail infrastructure, clean and efficient production and use of energy, the circular economy, digitalisation and digital infrastructure, such as 5G and Gigabit Networks, and research and innovation. In the area of transport, the Council also recommended Belgium to tackle the growing mobility challenges, by reinforcing incentives and removing barriers to increase the supply and demand of collective and low emission transport. Finally, in the areas of employment and education and training, the Council recommended Belgium to remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, older workers and people with a migrant background, to improve the performance and inclusiveness of the education and training systems and to address skills mismatches. Having assessed progress in the implementation of these country-specific recommendations at the time of submission of the recovery and resilience plan ('RRP'), the Commission finds that substantial progress has been achieved with regard to the specific recommendation on taking all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the pandemic, sustaining the economy and supporting the ensuing recovery.

- (3) The Council Recommendation on the economic policy of the euro area recommended euro-area Member States to take action, including through their RRPs, to, inter alia, ensure a policy stance which supports the recovery and to further improve convergence, resilience and sustainable and inclusive growth. The Council Recommendation also recommended euro-area Member States to strengthen national institutional frameworks, to ensure macro-financial stability, to complete the economic and monetary union and to strengthen the international role of the euro.
- (4) On 30 April 2021, Belgium submitted its national RRP to the Commission, in accordance with Article 18(1) of Regulation (EU) 2021/241. That submission followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. National ownership of the RRPs underpins their successful implementation and lasting impact at national level and credibility at European level. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission has assessed the relevance, effectiveness, efficiency and coherence of the RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

- (5) The RRP should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 (the 'Facility') and of the European Union Recovery Instrument set up by Council Regulation (EU) 2020/2094¹ in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union's economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241.
- (6) The implementation of the Member States' RRP will constitute a coordinated effort involving reforms and investments across the Union. Through coordinated and simultaneous implementation and the implementation of cross-border and multi-country projects, such reforms and investments will mutually reinforce each other and generate positive spillovers across the Union. Therefore, about one third of the impact of the Facility on Member States' growth and job creation will come from spillovers from other Member States.

Balanced response contributing to the six pillars

- (7) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the RRP represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by and the financial allocation for the Member State concerned.

¹ Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433 I, 22.12.2020, p. 23).

- (8) The RRP includes measures that contribute towards all of the six pillars, with a significant number of components of the RRP addressing multiple pillars. Such an approach contributes to ensuring that each pillar is comprehensively addressed in a coherent manner. Furthermore, given the specific challenges faced by Belgium, the particular focus on smart, sustainable and inclusive growth, along with the overall weighting across pillars, is considered to be adequately balanced.
- (9) The RRP envisages taking a broad range of climate-related measures, with more than half of the components contributing to the green transition. Such measures include increasing the energy-efficiency of buildings, new emerging technologies, adaptation to climate change and sustainable transport infrastructure, representing significant opportunities to help reach the 2030 energy and climate targets. The RRP addresses the digital challenges in multiple areas, with close to two thirds of the components contributing to addressing such challenges. Reforms, both at the federal and regional level, aim to remove regulatory bottlenecks to the deployment of 5G and ultra-fast connectivity infrastructure, such as optic fibre. Investments contained in the Belgian RRP focus on the digitalisation of the public administration, as well as of the justice system, and on the improvement of digital skills. Substantial efficiency gains and quality improvements of the processes concerned are to be expected from those investments.

- (10) The RRP extensively covers the third pillar of smart, sustainable and inclusive growth, with nearly all components directly contributing. The RRP should have a positive impact on public and private investment, by investing in particular in transport and digital infrastructure, social housing, energy-efficient building renovation, and research and innovation. By contributing to a greener and digital economy, the RRP supports sustainable growth and economic resilience. The sizeable investment in digitalisation of the public administration and of the judicial system should contribute to a business-friendly environment and thereby support the economic recovery. Moreover, the RRP helps to address skills mismatches by strengthening education and training systems. The focus on improving digital skills and fostering access to the labour market for vulnerable groups should have a positive impact on employment and contribute to the implementation of the European Pillar of Social Rights.

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

- (11) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the RRP is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations addressed to Belgium, including fiscal aspects thereof, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

- (12) The recommendations related to the immediate fiscal policy response to the pandemic can be considered to fall outside the scope of Belgium's RRP, notwithstanding the fact that Belgium has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the general escape clause of the Stability and Growth Pact. Moreover, the recommendation to make sufficient progress towards the medium-term budgetary objective in 2020 is no longer relevant, due to both the lapsing of the corresponding budgetary period and the activation in March 2020 of the general escape clause of the Stability and Growth Pact in the context of the COVID-19 crisis.
- (13) The RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Belgium by the Council in the European Semester in 2019 and in 2020, in particular those in the areas of the quality and sustainability of public finances, pension, labour market as well as education and skills policies, research and development (R&D) and innovation, the green and digital transitions and the business environment.
- (14) The RRP includes relevant fiscal-structural reforms that are expected to improve the quality and sustainability of public finances. Such reforms include the systematic integration of spending reviews in the budgetary planning cycles of all government levels to improve quality and efficiency of public spending. Moreover, a pension reform aims to improve the financial and social sustainability of the pension system, against the background of increasing public pension expenditure.

- (15) The RRP also includes reforms and investments that address long-lasting labour market challenges. These include measures to promote more effective active labour market policies, to improve the labour market performance and to tackle discrimination in the labour market. The RRP also includes investments to strengthen social and labour market integration of most vulnerable groups, including people with a migrant background, women, people with disabilities, prisoners and people at risk of digital exclusion. Moreover, investments and reforms included in the RRP aim to improve the performance of education systems and to reduce skills shortages through training and activation with a view to addressing current and future needs of the labour market, with a particular focus on digital skills.

- (16) The RRP significantly contributes to addressing the green transition challenge. It includes large-scale public investment in energy-efficient renovation of buildings, including social housing as well as support for private investment in energy-efficiency through subsidies. Investments also focus on clean and efficient production and use of energy, mainly by industrial sectors, covering process electrification, green and low-carbon hydrogen as a raw material and energy carrier, the capture and storage of CO₂ with investments in CO₂ and hydrogen (H₂) transport and pre-industrial research for industrial applications using H₂ and CO₂, renewable heat networks, as well as infrastructure aimed at facilitating the connection of offshore wind to the grid. The RRP contributes to accelerating the greening of transport through investments in cycling and walking infrastructure, as well as public transport services, such as green buses, tram and light metro infrastructure, and more efficient and accessible rail transport, including infrastructure works to support the modal shift from road towards inland waterways and rail. The RRP also includes a reform of the company car tax scheme, geared towards the electrification of road transport, complemented by measures to accelerate the roll-out of charging infrastructure for electric vehicles across Belgium and supporting the deployment of cleaner, mainly electric bus fleets, as well as by an upgraded mobility budget to support the modal shift.

- (17) The RRP also significantly contributes to addressing the digital transition challenge. It includes measures to improve digital connectivity throughout Belgium by further investing in the development of very-high-speed optic-fibre networks, and also to enable the 5G deployment and connectivity. The RRP includes significant investments and reforms aiming at digitalising the public administration, including the justice system, to improve the efficiency of its internal processes and of its interactions with citizens and businesses, in particular through the Single Digital Gateway and investments in the digitalisation of the social security system. Digital-related measures in the RRP also aim to contribute to addressing the challenges of reducing the regulatory and administrative burden, removing barriers to competition and improving the business environment.
- (18) Significant investments are introduced to boost research and innovation, in particular via the implementation of more efficient production processes based on emerging energy technologies, the development of alternative production processes in nuclear medicine for cancer treatment, and measures to strengthen the cyber capabilities of small and medium enterprises and to combat cyber crime. The RRP also includes measures aiming to promote a circular economy and better resource management by setting up new recycling infrastructure in order to close missing parts in different value chains, and by developing alternatives to the use of harmful chemicals.

Contribution to growth potential, job creation and economic, social and institutional resilience

- (19) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the RRP is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Belgium, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.
- (20) Simulations by the Commission services show that the RRP, together with the rest of measures of the European Union Recovery Instrument, has the potential to increase the GDP of Belgium by between 0,5 % and 0,9 % by 2026, not including the possible positive impact of structural reforms, which can be substantial. The Belgian RRP includes a large package of reforms and investments, which are expected to address the country's vulnerabilities to shocks and to bolster its economic, institutional and social resilience. Reforms that aim to increase the quality of public spending and to remove barriers to a higher labour market participation, combined with sizeable investments in building renovation, sustainable mobility, digitalisation, training and up-skilling, research, development and innovation, address the challenges identified in those areas and are expected to boost the country's competitiveness and productivity while paving the way to the green transition and the digital transformation of the economy.

- (21) Reforms and investments in energy-efficient building renovation, in training and up-skilling, in sustainable mobility and in the digitalisation of public services, including the justice system, are expected to provide the main contributions to both growth and employment. Other main areas of intervention include cybersecurity and 5G, the circular economy, the decarbonisation of industry, including a focus on emerging energy technologies such as clean hydrogen production and use, future-proof economic sectors such as nuclear medicine, healthcare, culture, and water management.
- (22) The RRP includes measures aiming at addressing relevant employment and social challenges, identified in country-specific recommendations and monitored through the Social Scoreboard. These measures have the potential to contribute to implementing the European Pillar of Social Rights. Specific actions are planned to help support labour market integration, in particular for vulnerable groups. This should be achieved through changes to the responsibilities and functioning of the regional public employment services, their modernisation and the provision of more personalised support to vulnerable jobseekers. The RRP includes reforms to tackle discrimination on the labour market, which is particularly relevant for dealing with the low employment rate of people with a migrant background. Reforms of the energy subsidy schemes are expected to help alleviate energy poverty, even if an overall strategy to address the issue is not presented in the RRP. The RRP includes also investments in social infrastructure, including in the renovation and construction of social housing and childcare facilities. Those investments also contribute to social cohesion.

- (23) To foster access to the labour market and to address skills mismatches, the RRP aims to modernise the education and training systems, mainly by investments in equipment and infrastructure. Reforms and investments focus on extending and making the training offer and incentives more transparent, including by establishing individual learning accounts, and investing in education and training infrastructure. In addition, some of the measures are intended to strengthen digital inclusion for vulnerable groups by combining the provision of digital equipment with training in digital skills.

Do no significant harm

- (24) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the RRP is expected to ensure that no measure for the implementation of reforms and investments projects included in the RRP does significant harm to environmental objectives (Rating A) within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council¹ (the principle of 'do no significant harm').

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

- (25) The measures in Belgium's RRP have been assessed against the principle of 'do no significant harm'. Belgium provided justifications in accordance with the technical guidance provided in the Commission Notice entitled 'Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation'¹. Where the analysis identified a potential risk, a more detailed assessment was performed in which the absence of expected significant harm was verified or appropriate milestones were set out to address those risks. In particular, for some measures where calls for projects will be launched in the future, such as measures in the area of emerging energy technologies, appropriate milestones associated with these measures were set to ensure that the eligibility criteria of the calls for projects exclude the eligibility of activities that could do significant harm to environmental objectives.

Contribution to the green transition, including biodiversity

- (26) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the RRP contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 49,6 % of the RRP's total allocation, calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of that Regulation, the RRP is consistent with the information included in the National Energy and Climate Plan 2030.

¹ OJ C 58, 18.2.2021, p. 1.

- (27) A total of ten components (out of seventeen) contain measures contributing to the climate objective. Energy-efficient renovations of public buildings, private and social housing represent an important part of this contribution. The RRP includes investments in collective and low-emission means of transport and a reform to green the company car tax scheme. Investments in R&D and innovation, in particular in alternative energy technologies, including hydrogen, and infrastructures are expected to facilitate the transition towards a low-carbon economy. Reforms and investments concerning the energy-efficient renovation of buildings and green mobility and vehicles are expected to contribute to advancing the decarbonisation and energy transition objectives of Belgium as set out in its National Energy and Climate Plan 2030.
- (28) In terms of its environmental dimension, the RRP is expected to directly contribute to the preservation of biodiversity through investments in protected areas, ecological restoration operations, green infrastructure, more resilient forest management and the creation of wetlands. The implementation of these measures is expected to have a lasting effect on the sequestration of CO₂ and, together with water management measures, to reinforce climate adaptation. Other investments in recycling infrastructures, support for eco-design projects and for optimised use of materials aim to enhance the circular economy in Belgium.

Contribution to the digital transition

- (29) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the RRP contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 26,6 % of the RRP's total allocation, calculated in accordance with the methodology set out in Annex VII to Regulation (EU) 2021/241.
- (30) A total of eleven components (out of seventeen) contain measures that are expected to contribute to the digital transition objective with a broad, cross-cutting approach. The RRP contains critical reforms at federal and regional level that aim to remove regulatory bottlenecks for the deployment of 5G and very-high capacity networks, such as optic fibre. The RRP also includes connectivity-related public investments, such as deploying optic fibre in certain white zones and ensuring a higher connectivity of schools in the Walloon Region. The implementation of the Connectivity Toolbox is monitored in the RRP. Significant investments and reforms in the RRP are dedicated to e-government across entities, including the modernisation of the outdated digital infrastructure, the judicial file management system and network security of the judiciary. The RRP is expected to foster open data use in public administrations. Other investments target the digitalisation of specific sectors such as the health system, tourism, transport, energy, media, and culture. The RRP aims to make schools in the entire Belgian territory better digitally equipped and connected. Investments in the RRP are also expected to contribute to better overall cyber resilience and security for citizens, businesses and public administrations. Moreover, the RRP promotes the deployment of a human-centric use of artificial intelligence.

- (31) Measures also address the challenges related to the digital skills levels of the population and target, in particular, an increase in digital inclusion, as well as digital re-skilling and upskilling of the workforce in order to help address shortages and foster labour market integration. In addition, the RRP is also expected to help improve the digital performance of young people in the primary, secondary and higher education systems. There are reforms and investments that aim to help companies reap the benefits of the digital transition through the development of a digital and technological innovation hub and digital-related investment in R&D. The RRP also includes some measures that aim to green the digital sector.

Lasting impact

- (32) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the RRP is expected to have a lasting impact on Belgium to a large extent (Rating A).

- (33) The RRP contains investments expected to have a lasting impact, supporting the green and digital transitions of the economy. The digital-related measures in the RRP are, inter alia, designed to increase the level of digitalisation of relevant institutions, which is expected to have a lasting impact on the quality of services, the business environment and the optimal use of government data. This concerns essential areas such as the judicial system, social security, the health system, the cyber resilience of the country or platforms to improve interactions between public administrations and citizens or businesses. The RRP further contributes to increasing the level of R&D investments in order to reach the objective of 3 % of GDP and to increasing productivity. Relevant investments and policies, such as those to decarbonise the economy, including by improving its energy efficiency, and to deploy state-of-the art digital infrastructure, are expected to contribute to the improvement of the country's competitiveness and growth potential.

- (34) Overall, the reforms proposed in the RRP are expected to contribute to addressing Belgium's main challenges and to have a long-term impact, even though for some of them, such as the reform of the pension system, the extent of the impact will depend on their implementation. The reforms related to the quality of public spending, to labour market participation and to removing regulatory bottlenecks for the deployment of 5G are expected to produce long-lasting effects. In the area of taxation, the reform of company car scheme is expected to contribute to the decarbonisation of transport. While the RRP refers to a proposal for a broad tax reform, with a potentially significant impact on disincentives to work and the green transition, a firm commitment to its adoption is lacking. The lasting impact of the RRP can also be enhanced through synergies between the RRP and other programmes financed by the cohesion policy funds, in particular by addressing in a substantive manner the deeply rooted territorial challenges and promoting a balanced development.

Monitoring and implementation

- (35) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the RRP are adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

- (36) The governance structure and organisational arrangements proposed by the Belgian authorities for the implementation of the Belgian RRP ensure the involvement of the responsible actors in monitoring, reporting and administrative follow-up of the reforms and investments under their responsibility. Inter-federal coordination between the entities involved is ensured at both political and administrative level. The monitoring of indicators described by the Belgian authorities, is sufficiently clear and comprehensive to ensure that their completion can be traced and verified. Milestones and targets should represent mostly the key elements of the measures and as such can be considered relevant for their implementation. The verification mechanisms, data collection and responsibilities described in the RRP appear sufficiently robust to justify in an adequate manner the disbursement requests upon completion of the milestones and targets. Milestones and targets are also relevant for measures already completed which are eligible under Article 17(2) of Regulation (EU) 2021/241. The satisfactory fulfilment of these milestones and targets over time is required to justify a disbursement request.
- (37) Member States should ensure that financial support under the Facility is communicated and acknowledged in line with Article 34 of Regulation (EU) 2021/241. Technical support may be requested under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council¹ to assist Member States in the implementation of their RRP.

¹ Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1).

Costing

- (38) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the RRP on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.
- (39) The costing information and evidence presented in the RRP is, for the most part, detailed and clear for a majority of measures. For a large majority of measures, there is sufficiently detailed information and comprehensive supporting evidence that the estimated total cost of the RRP is reasonable and plausible. In most cases, Belgium provided information either on actual or similar past investment projects, or on comparative cost data for the main costs drivers that allow substantiating most cost estimates. For most projects the costing information includes clear supporting evidence or relevant references justifying reference unit costs. Nevertheless, the specificity and relevance of costing justifications provided is not uniform throughout the RRP. For certain measures, further information presenting more detailed estimations and justifications could have increased the level of assurance that costs are reasonable and plausible. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of the financial interests of the Union

- (40) In accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, the arrangements proposed in the RRP and the additional measures contained in this Decision are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing, detecting and correcting corruption, fraud and conflicts of interest, and for protecting the Union budget in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council¹.
- (41) The RRP describes in an appropriate way the system put in place for its implementation. The overall framework represents a robust internal control system whereby clear roles and responsibilities are distributed to the competent entities involved. At federal level, the Secretary of State for Recovery and Strategic Investments coordinates the implementation of the RRP, while monitoring is performed at political level by the Inter-ministerial Conference and at administrative level by the Inter-federal Monitoring Committee. The Belgian RRP identifies the different bodies in charge of the implementation, monitoring and control of the projects in each of the seven entities (Federal State, Flemish Region, Flemish Community, Walloon Region, Brussels-Capital Region, French Community and German-speaking Community).

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

- (42) Each entity is responsible for collecting the data of the projects under their responsibility, and ensure the regular update of their progress in their monitoring tools. With regard to audit, the entities appointed are also in charge of the audit of Union funds under shared management and are independent from the entities implementing the RRP. The RRP sets out the different control procedures of each entity for the prevention, detection and correction of fraud, corruption and conflicts of interest when using the funds provided under Regulation (EU) 2021/241.
- (43) Overall, the arrangements proposed by Belgium in the RRP to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed at avoiding double funding from the Facility and other Union programmes, are assessed as adequate, provided that the milestones pertaining to a repository system for monitoring the implementation of the Facility and adequate coordination arrangements to avoid double funding are fulfilled before the first payment request.

Coherence of the RRP

- (44) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the RRP includes to a medium extent (Rating B) measures for the implementation of reforms and public investment projects that represent coherent actions.

(45) The RRP displays a set of reforms and investments that support the objectives to stimulate the recovery of the Belgian economy, to contribute to its green and digital transitions and to increase its resilience on the path towards a more sustainable and inclusive growth. The individual measures included in the RRP are consistent with the overarching objectives announced. The RRP does not present inconsistencies or contradictions between the content of the different components. Some measures are mutually reinforcing and complementary, including among government levels. However, in some instances, the potential of some of the investments could have been further reinforced by more far-reaching complementary reforms. For example, whereas the RRP contains a number of reforms and investments geared towards energy-efficient renovation of buildings, there is no firm commitment to reform the energy taxation system to incentivise more energy-efficiency investments in building renovations. While the RRP supports the deployment of green hydrogen, there is only limited support for increasing renewables production. The measures to increase employment and improve labour market performance are not accompanied by concrete measures to reduce disincentives to work from the tax system.

Equality

- (46) The RRP contains a series of measures that are expected to contribute to addressing the challenges in the area of gender equality and equal opportunities for all. The Belgian Institute for the Equality of Women and Men considers that 52 % of investment measures in the RRP will potentially have a positive impact in terms of gender equality. These include measures dedicated to attracting more women to science, technology, engineering and mathematics studies and increasing the employment rate of women. Although the RRP falls short of defining a comprehensive and holistic approach towards vulnerable groups, the objectives of equal opportunities for all are reflected in measures in several policy areas in the RRP, such as education, social housing, labour market inclusion, mobility and digital inclusion. These include reforms of the regulatory framework for discrimination tests and the available tools and knowledge in administration that could contribute to a higher employment rate of people with a migrant background. Other relevant measures include investments expected to increase the accessibility of railway stations to people with reduced mobility and investments in social housing equipped with assistive technologies in order to support the independent living of persons with disabilities and elderly people.

Security self-assessment

- (47) A security self-assessment has not been provided as it has not been considered appropriate by Belgium, in accordance with Article 18(4), point (g), of Regulation (EU) 2021/241.

Cross-border and multi-country projects

- (48) The RRP contains a number of investment measures with a significant cross-border dimension, and in line with the objectives of the updated European industrial strategy. A prominent share of investments (at federal, Flemish and Walloon level), which jointly focus on supporting an industrial value chain in the field of hydrogen, should form part of the planned wider cross-border important projects of common European interest (IPCEI) on hydrogen. Likewise, the investment project 'Backbone for H₂ and CO₂' of the federal level should result in interconnections with neighbouring countries of the initial H₂ and CO₂ transport networks that are to be constructed in the framework of the RRP. Moreover, the investment measure 'Off-shore energy island' of the federal level aims at developing a multifunctional offshore energy hub ('energy island') in the North Sea, which aims to, inter alia, facilitate the integration and import of more renewable energy in and around the North Sea by connecting to other countries or regions. Finally, a measure to strengthen R&D aims to finance the participation of businesses in the Flemish Region in the planned IPCEI on microelectronics.

Consultation process

- (49) The RRP shows that Belgium has consulted a wide range of stakeholders in the RRP's adoption process to increase national ownership of the RRP. At the federal level, a large number of stakeholders were consulted, including social partners, civil society and the Institute for the Equality of Women and Men. The federal government set up an advisory committee, consisting of the Central Economic Council and the Federal Council for Sustainable Development, bringing together social partners and civil society (environmental organisations, organisation for development cooperation, consumer organisation, youth organisations and academia) that provided advice at different stages in the RRP's preparation process. Moreover, the Institute for the Equality of Women and Men was consulted to assess the impact of the RRP on gender equality and to formulate recommendations. Regional and community governments consulted social partners on their respective reform and investment projects, and also exchanged with regional parliaments.
- (50) Belgium will continue to engage with social partners and civil society during the implementation of the RRP. To ensure ownership by the relevant actors, it is crucial to involve all regional and local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the RRP.

Positive assessment

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

Financial contribution

- (52) The estimated total cost of the RRP of Belgium is EUR 5 924 952 328. As the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the RRP is higher than the maximum financial contribution available for Belgium, the financial contribution allocated for Belgium's RRP should be equal to the total amount of the financial contribution available for Belgium.

- (53) In accordance with Article 11(2) of Regulation (EU) 2021/241, the calculation of the maximum financial contribution for Belgium is to be updated by 30 June 2022. As such, in accordance with Article 23(1) of that Regulation, an amount for Belgium not exceeding the maximum financial contribution referred to in Article 11(1), point (a), of that Regulation should be made available for a legal commitment by 31 December 2022. Where necessary following the update of the maximum financial contribution, the Council, on a proposal from the Commission, should amend this Decision to include the updated maximum financial contribution, calculated in accordance with Article 11(2) of that Regulation, without undue delay.
- (54) The support to be provided is to be financed from the borrowing by the Commission on behalf of the Union on the basis of Article 5 of Council Decision (EU, Euratom) 2020/2053¹. The support should be paid in instalments once Belgium has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the RRP.
- (55) Belgium has requested pre-financing of 13 % of the financial contribution. That amount should be made available to Belgium subject to the entry into force of, and in accordance with, the agreement provided for in Article 23(1) of Regulation (EU) 2021/241 (the 'financing agreement').

¹ Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).

- (56) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any Union programme other than the Facility or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1

Approval of the assessment of the RRP

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

Article 2
Financial contribution

1. The Union shall make available to Belgium a financial contribution in the form of non-repayable support amounting to EUR 5 923 953 327¹. An amount of EUR 3 645 626 483 shall be available to be legally committed by 31 December 2022. If the update provided for in Article 11(2) of Regulation (EU) 2021/241 results in an updated maximum financial contribution for Belgium that is equal to or more than EUR 5 923 953 327, a further amount of EUR 2 278 326 843 shall be available to be legally committed from 1 January 2023 until 31 December 2023. If the update provided for in Article 11(2) of Regulation (EU) 2021/241 results in an updated maximum financial contribution for Belgium that is less than EUR 5 923 953 327, the difference between the updated maximum financial contribution and the amount of EUR 3 645 626 483 shall be available to be legally committed in accordance with the procedure set out in Article 20(8) of Regulation (EU) 2021/241 from 1 January 2023 until 31 December 2023.

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

2. The Union financial contribution shall be made available by the Commission to Belgium in instalments in accordance with the Annex to this Decision. An amount of EUR 770 113 932 shall be made available as a pre-financing payment, equal to 13 % of the financial contribution. The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.
3. The pre-financing shall be released subject to the entry into force of, and in accordance with, the financing agreement. Pre-financing shall be cleared by being proportionally deducted against the payment of the instalments.
4. The release of instalments in accordance with the financing agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Belgium has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the RRP. In order to be eligible for payment, Belgium shall complete the milestones and targets no later than 31 August 2026, subject to the entry into force of the legal commitments referred to in paragraph 1.

Article 3
Addressee

This Decision is addressed to the Kingdom of Belgium.

Done at ...,

For the Council
The President
