



# The Recovery and Resilience Facility scheme: another opportunity for reforms

by Aggelos Tsakanikas\*

Following the pandemic crisis, the European Union swiftly and significantly faster compared with other economic and fiscal crises, took some intensive actions to support European economies and help them recover from the economic downturn. The Recovery and Resilience Facility (RRF) is the main mechanism that was initiated and will finance long-term reforms and investments. The areas of green economy and digital infrastructures have been mapped as the main drivers for growth, and mainly through these areas funding will be channeled in member States.

Member States should draw up National Recovery and Resilience Plans (NRRP) in order to receive financial support through the RRF. These NRRPs include reforms and investment programs, quantitative targets, milestones, and estimated costs up to 2026. They will be based on priorities in the context of the European Semester. More than 37% of the funds should be related to green transition and at least 20% to digital transformation.

Greece is estimated to get €19.4 billion in grants and €12.7 billion in loans, which amount to about 16% of its GDP.

Greece plans to spend more than half of the €32 billion in green and digital transformation projects. But the specific action plan is not yet finalized. It is expected that the majority of grants will be invested in energy projects, 5G networks and infrastructure for electric cars.

The main question is whether the administrative agencies that are usually coordinating the European structural funds and will be to some extent responsible for coordinating these funds as well, will actually manage to increase their pace and deliver mature and integrated processes that will allow an efficient implementation. The funds will be disbursed if the implementation of the projects is in line with the milestones and objectives set out in the NRRP. This means that efficient implementation matters a lot.

To tackle this challenge, a new governing scheme has been selected. The Strategic Projects Pipeline/Project Preparation Mechanism will try to overcome the usual problems and overcome obstacles that usually emerge when dealing with such complex projects.

But achieving the targets is not a mere Public Sector's management problem. These funds represent a significant challenge for the local entrepreneurial sector and its ability to leverage private investments. This means that the domestic Greek business sector needs to develop common strategies, which address specific local or sectoral challenges and formulate business deals that go beyond the boundaries of a single company. So cooperation –even among competitors– will be a key success factor.

At the same time, investments that will be selected need to follow some principles, apart from complying with the green and digital agenda. They need to represent mature projects, so that funds can quickly be channeled to action plans and absorbed. They should also have a significant multiplier effect in the economy and a social positive effect where necessary. It would also be wiser to select few, more structural interventions, compared to a wide set of actions that could lead to fragmentation and unproductive use of resources.

We should not forget that the usual EU structural funds will also be available, so distinguishing between the two channels will also be important. Therefore, complementarity and additionality will also be success factors to maximize their effect. Projects should also not overlap with costs that are covered by other EU instruments, although supporting reforms and investments from other EU instruments is allowed.

To sum up, the availability of funding is a very promising scenario that creates positive expectations throughout the economy. But there have been too many opportunities lost in the past, when the plethora of tools –and especially grants– was combined with a scarcity of new ideas. And it is new ideas, flexibility and cooperation among stakeholders that are more than necessary today.



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