

### *Methodology to report on disbursements under each policy pillar*

In line with Article 29(3) of the RRF Regulation, the Commission has developed a methodology to report on the contribution of the recovery and resilience plans to each of the Facility's six pillars. The indicative break-down of disbursements by policy pillar is calculated as follows:

1. Bearing in mind that RRF disbursements are linked to the satisfactory fulfilment of milestones and targets and not to the actual costs incurred, the unit value of milestones and targets is calculated by dividing the total amount of loans or grants allocated to a certain Member State by the number of milestones and targets contained in the plan. Therefore, each milestone and target has the same unit value across all instalments for a given Member State (distinguishing between grant and loan instalment), allowing to report on both investments and reforms, even if reforms have usually no or very low cost.
2. The Commission, in consultation with the Member States, assigns two policy pillars to each measure included in the recovery and resilience plans. Since each milestone and target is linked to a measure, milestones and targets are indirectly linked to the two policy pillars assigned to the measure they belong to. However, milestones and targets might also be linked to more than two policy pillars. This is, for instance, the case of milestones and targets linked to measures that have been further broken down in several sub-measures, usually for climate/digital tagging and for reporting purposes. The split of measures allows to assign policy areas more granularly and to capture the actual policy contribution of each sub-part of a multifaceted reform/investment. In such cases, each sub-measure receives two policy assignments and the contribution to a given policy pillar is computed as the sum of the policy assignments to that pillar over the sum of all policy assignments under the measure (see table in step 3).
3. As an example, a disbursement linked to the satisfactory fulfilment of 44 milestones and targets would correspond to 88 assignments of policy pillars. The number of assignments under the same pillar is multiplied by the unit value of milestones and targets calculated in step 1. For instance, if there are 18 green transition pillar assignments out of 88 assignments, and the unit value of each milestone and target in the plan concerned is EUR 20.2 million, the contribution of the disbursement to the green transition pillar would be  $18 \times 20.2 = \text{EUR } 364 \text{ million}^1$ .

In addition, if one of these 88 milestones and targets is linked to a measure with four sub-measures, and only one of them has a green transition assignment (e.g. X.1), the contribution of this milestone/target to the green pillar would be 0.25, calculated as follows:


Target	Related measure	Type of measure	Number of sub-measures	Pillar 1	Pillar 2	Pillar 3	Pillar 4	Pillar 5	Pillar 6
Target Y	Investment X	<i>parent measure</i>	4	0.25	0.25	0.25	0.25	0.5	0.5
	<i>X.1</i>	<i>sub-measure</i>		<i>1</i>	<i>1</i>				
	<i>X.2</i>	<i>sub-measure</i>				<i>1</i>	<i>1</i>		
	<i>X.3</i>	<i>sub-measure</i>						<i>1</i>	<i>1</i>
	<i>X.4</i>	<i>sub-measure</i>						<i>1</i>	<i>1</i>

<sup>1</sup> It is important to stress that some of the 44 milestones and targets could be linked to the same measure. For instance, if 2 of the 44 milestones and targets are linked to the same measure, and this measure has a green transition assignment, this is counted twice to cover the contribution of each milestone/target

In this case, there would be 17.25 green pillar assignments, and the total contribution to the green transition pillar would therefore be  $17.25 \times 20.2 = 348,45$  million

4. The share of value of milestones and targets per pillar is calculated by dividing the contributions to each pillar (step 3) by the sum of contributions to the six pillars. For example, if the value of the milestones and targets linked to the green transition pillar is EUR 364 million, and the sum of the value of all milestones and targets under one instalment is EUR 1.781 billion, the share of the value of milestones and targets linked to the green transition pillar is  $364 / 1.781 = 20.45\%$ .
5. The estimate of the contribution of a disbursement to each pillar corresponds to the share of the disbursement linked to the value of milestones and targets per pillar. For instance, if the share of the value for the green transition pillar is 20.45% and the disbursement corresponds to EUR 804.5 million, the expenditure related to the green transition pillar is  $(804.5 \text{ million} / 100) \times 20.45 = \text{EUR } 164.57$  million.

See below further detail on the example:



Policy pillars	Number of MTs (primary and secondary)	Value of the MTs	Share of value of MTs per pillar	Expenditures per pillar
Green transition	18	€364,357,771	20.45%	€164,576,802
Digital transformation	13	€263,147,279	14.77%	€118,861,024
Smart, sustainable, and inclusive growth	21	€425,084,066	23.86%	€192,006,270
Social and territorial cohesion	16	€323,873,574	18.18%	€146,290,491
Health and resilience	13	€263,147,279	14.77%	€118,861,024
Policies for next generation	7	€141,694,689	7.95%	€64,002,090
Total	88	€1,781,304,658	100%	€804,597,701

Total grant allocation: EUR 3,461,398,824

Total number of MTs in the plan to be funded through grants: 171

Unit value of MT: total allocation/ total number of MTs = EUR 20,242,098

Payment request: EUR 804,597,701

Number of MTs linked to the first payment: 44