

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 allocation of a national plan by the number of milestones and targets contained in the plan. Therefore, each milestone and target has the same unit value, 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. Hence, a disbursement based on the satisfactory fulfilment of 44 milestones and targets would correspond to 88 assignments of policy pillars (see also example below).
3. 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 milestones and targets (see example below), 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 $18 \times 20.2 = \text{EUR } 364$ 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:

Total allocation: EUR 3,461,398,824

Total number of M&Ts in the plan: 171

Unit value of M&T: total allocation/ total number of M&Ts = EUR 20,242,098

Payment request: EUR 804,597,701

Number of M&Ts linked to the first payment: 44

18*20.2 million =
364.3 million EUR

364.3 million / 1,781.3
million = 20.45%

20.45%*804.5 million
= 164.5 million EUR

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