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Delegations will find attached document COM(2023) 731 final.

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2023/0415 (NLE)

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

{SWD(2023) 376 final}

2023/0415 (NLE)

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

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(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Following the submission of the national recovery and resilience plan ('RRP') by Belgium on 30 April 2021, the Commission has proposed its positive assessment to the Council. The Council approved the positive assessment by means of the Council Implementing Decision of 13 July 2021².
- (2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State should be updated by 30 June 2022 in accordance with the methodology provided therein. On 30 June 2022, the Commission presented the results of that update to the European Parliament and the Council.
- (3) On 20 July 2023, Belgium submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission.
- (4) The modified RRP also takes into account the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241 and includes a reasoned request to the Commission to propose to the Council to amend the Council Implementing Decision in accordance with Article 21(1) of Regulation (EU) 2021/241 considering the RRP to be partially no longer achievable due to objective

¹ OJ L 57, 18.2.2021, p. 17.

² ST 10161/21; ST 10161/21 ADD 1.

circumstances. The modifications to the RRP submitted by Belgium concern 63 measures.

- (5) The modified RRP also includes a request for loan support in accordance with Article 14(2) of Regulation (EU) 2021/241.
- (6) On 14 July 2023, the Council addressed recommendations to Belgium in the context of the European Semester. In particular, the Council recommended that Belgium wind down emergency energy support measures, ensure prudent fiscal policy, preserve nationally financed public investment, strengthen efforts to improve the efficiency of long-term care, pursue the reform of the taxation and benefit system and review tax expenditures. The Council also recommended to address labour shortages and skills mismatches and to improve the performance and equity of the education and training systems. On energy, the Council recommended that Belgium reduce its overall reliance on fossil fuels by stepping up energy efficiency improvements and the reduction of fossil fuel use in buildings, by further stimulating the decarbonisation of industry and by promoting the use and supply of public transport and soft mobility. The Council also recommended that Belgium accelerate the deployment of renewable energies and related grid infrastructure by further streamlining permitting procedures, including by reducing the length of appeal procedures, and by adopting legal frameworks to further boost investments in renewable energy installations and facilitate energy sharing.
- (7) The submission of the modified RRP 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. The summary of the consultations was submitted together with the modified national RRP. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission assessed the relevance, effectiveness, efficiency and coherence of the modified RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

Updates based on Article 18(2) of Regulation 2021/241

- (8) The modified RRP submitted by Belgium updates 43 measures to take into account the updated maximum financial contribution. Belgium has explained that because the maximum financial contribution decreased from EUR 5 923 953 327³ to EUR 4 523 383 959⁴, it is no longer possible to finance all the measures of the original RRP. Belgium proposed to remove seven investments, to reduce the level of required implementation of 29 investments compared to the original plan, and to include in the REPowerEU chapter, in accordance with Article 21c (2) of Regulation (EU) 2021/241 seven measures that were already included in the adopted Council Implementing Decision.

³ This amount corresponds to the financial allocation after deduction of Belgium's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

⁴ This amount corresponds to the financial allocation after deduction of Belgium's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

- (9) The modified RRP no longer contains certain measures under components 1.1: Renovation; 1.2 Emerging Energy Technologies; 2.2 Public Administration; 3.3: Modal Shift; 5.2: Supporting Economic Activity; and 5.3: Circular Economy. These measures concern investment I-1.06: ‘Renovation of public buildings’ of the Walloon Region; I-1.13: ‘Renolab: Renovation laboratory’ of the Brussels-Capital Region; I-1.20: ‘Renewable heat networks’ of the Flemish Region; I-2.12: ‘Digitalisation of regional and local government’ of the Walloon Region; I-3.05: ‘High Service Level Bus’ of the Walloon Region; I-5.09: ‘R&D: Call for proposals in support of R&D of the aeronautics and space sector’ of the Federal State; and investment I-5.17: ‘Circular economy & circular construction’ of the Flemish Region. The description of these measures and their associated milestones and targets should therefore be removed from the Council Implementing Decision.
- (10) Furthermore, the modified RRP submitted by Belgium changes measures under components 1.1: Renovation; 1.2: Emerging Energy Technologies; 1.3: Climate and Environment; 2.2: Public Administration; 2.3: Optic Fibre, 5G and New Technologies; 3.1: Cycling and Walking Infrastructure; 3.2: Modal Shift; 4.1: Education 2.0; 4.3: Social Infrastructure; 5.1: Training and Labour Market; 5.2: Supporting Economic Activity; and 5.3: Circular Economy to reflect the updated maximum financial contribution. This concerns milestone 1, target 5, target 6, target 7, description of reform R-1.01 ‘Improved energy subsidy scheme’ of the Flemish Region and description of investment I-1.03: ‘Renovation of social housing’ of the German-speaking Community, under component 1.1: Renovation; target 12, target 14 and description of investment I-1.07: ‘Renovation of public buildings - local authorities & sport’ of the Walloon Region, under component 1.1: Renovation; target 11, target 14 and description of investment I-1.08: ‘Renovation of public buildings’ of the Brussels-Capital Region, under component 1.1: Renovation; target 13, target 14 and description of investment I-1.09: ‘Renovation of public buildings - schools’ of the French Community, under component 1.1: Renovation; target 13, target 15 and description of investment I-1.10: ‘Renovation of public buildings - sport & IPPJ’ of the French Community, under component 1.1: Renovation; target 13, target 16 and description of investment I-1.11: ‘Renovation of public buildings - universities’ of the French Community, under component 1.1: Renovation; milestone 23 of investment I-1.16 ‘An industrial value chain for hydrogen transition’ of the Flemish Region, under component 1.2: Emerging Energy Technologies; milestone 25, milestone 26 and description of investment I-1.17 ‘An industrial value chain for hydrogen transition’ of the Walloon Region, under component 1.2: Emerging Energy Technologies; milestone 27 and milestone 28 of investment I-1.18 ‘Developing the low-carbon industry’ of the Walloon Region, under component 1.2: Emerging Energy Technologies; target 36, target 37, target 38, target 39 and description of investment I-1.22: ‘Biodiversity and adaptation to climate change’ of the Walloon Region, under component 1.3: Climate and Environment; milestone 41, milestone 42, target 43 and description of investment I-1.24: ‘Blue Deal’ of the Flemish Region, under component 1.3: Climate and Environment; milestone 65 of investment I-2.07: ‘Digitalisation of ONE’ of the French Community, under component 2.2: Public Administration; target 66, target 67 and description of investment I-2.08: ‘Digitalisation of the cultural and media sector’ of the French Community, under component 2.2: Public Administration; milestone 68 and description of investment I-2.09: ‘Digitalisation of the Flemish Government’ of the Flemish Region, under component 2.2: Public Administration; target 85, milestone 86, target 87, target 88 and description of investment I-2.15: ‘Improving the connectivity of schools (internal), but also of the 35 business parks in Wallonia’ of the

Walloon Region, under component 2.3: Optic Fibre, 5G and New Technologies; milestone 94, target 95, target 96, description of investment I-3.01: ‘Cycling infrastructure’ of the Flemish Region and description of investment I-3.03: ‘Cycling infrastructure – Vélo Plus - RBC’ of the Brussels-Capital Region, under component 3.1: Cycling and Walking Infrastructure; target 113 of investment I-3.14: ‘Modal shift grants’ of the Brussels-Capital Region, under component 3.2: Modal Shift; target 114, target 115 and description of investment I-3.17: ‘Greening the bus fleet - RBC’ of the Brussels-Capital Region, under component 3.3: Greening Road Transport; description of investment I-4.01: ‘Digisprong’ of the Flemish Community, under component 4.1: Education 2.0.; target 151, target 152, target 153 and description of investment I-4.12: ‘Development of public utility housing and housing for vulnerable persons’ of the Walloon Region, under component 4.3: Social Infrastructure; target 160 and description of investment I-5.03: ‘Upgrading of advanced training infrastructure’ of the Walloon Region, under component 5.1: Training and Labour Market; target 165 and description of investment I-5.04: ‘Learning and career offensive’ of the Flemish Region, under component 5.1: Training and Labour Market; target 166 and description of investment I-5.05: ‘Strategy for relaunching the labour market’ of the Brussels-Capital Region, under component 5.1: Training and Labour Market; target 169 of investment I-5.06: ‘Digital skills’ of Flemish Region, under component 5.1: Training and Labour Market; milestone 171 and description of investment I-5.07: ‘Digital lifelong learning’ of the Walloon Region, under component 5.1: Training and Labour Market; milestone 186 and target 187 of investment I-5.11 ‘Strengthen R&D’ of the Flemish Region, under component 5.2: Supporting Economic Activity; target 192 of investment I-5.13: ‘Digitisation of the Walloon tourism sector’ of the Walloon Region, under component 5.2: Supporting Economic Activity; milestone 201, target 202 and description of investment I-5.16 ‘Deployment of the circular economy’ in the Walloon Region, under component 5.3: Circular Economy. Those descriptions, milestones and targets are changed to decrease the level of required implementation compared to the original plan in order to reflect the decreased allocation. The Council Implementing Decision should be amended accordingly.

- (11) In accordance with Article 21c(2) of Regulation (EU) 2021/241, due to the decrease in the maximum financial contribution, the REPowerEU chapter submitted by Belgium also includes three measures already included in the Council Implementing Decision of 13 July 2021. In particular, Belgium includes in the REPowerEU chapter three investments: investment I-1.14: ‘Backbone for H2 and CO2’ of the Federal State and its associated milestones (16 and 17); investment I-1.19: ‘Research platform for energy transition’ of the Walloon Region and its associated milestones (29 and 30); investment I-1.21: ‘Off-shore energy island’ of the Federal State and its associated milestones (33, 34 and 35), which are all investments under component 1.2: Emerging Energy Technologies. Belgium has also included in the REPowerEU chapter part of three investments and part of one reform already included in the Council Implementing Decision of 13 July 2021. This concerns investment I-3.10: ‘Rail - efficient network’ of the Federal State, under component 3.2: Modal Shift; investment I-3.17: ‘Greening the bus fleet - RBC’ of the Brussels-Capital Region, under component 3.3: Greening Road Transport; investment I-3.18 ‘Charging stations - FED’ of the Federal State, under component 3.3: Greening Road Transport, and reform R-1.03: ‘Improved energy subsidy scheme’ of the German-speaking Community, under component 1.1: Renovation. On this basis, the Council Implementing Decision should be amended to reflect the modified measures.

- (12) The Commission considers that the reasons put forward by Belgium justify the update pursuant to Article 18(2) of Regulation (EU) 2021/241.

Loan request based on Article 14(2) of Regulation 2021/24

- (13) The modified RRP submitted by Belgium includes a request for loan to support three measures that were supported by the non-repayable financial contribution of the Council Implementing Decision of 13 July 2021, but which Belgium proposes to support with loans instead. This concerns investment I-2.05: ‘Digitalisation SPF, sub-measure 7: Digitalisation of asylum and immigration management processes’ of the Federal State, under component 2.2: Public Administration; investment I-3.03 ‘Cycling infrastructure – Vélo Plus - FED’ of the Federal State, under component 3.2: Modal Shift; and investment I-3.04: ‘Cycling and walking infrastructure – Schuman’ of the Federal State, under component 3.1: Cycling and Walking Infrastructure.
- (14) The request for loan also includes support of three measures included in the REPowerEU chapter: investment I-7.15: ‘Backbone for H2’ of the Federal State, under component 7.2: New Emerging Energy Technologies; investment I-7.20: ‘Off-shore energy island’ of the Federal State, under component 7.3: Renewable Energy; and investment I-7.25: ‘Charging infrastructure for busses’ of the Brussels-Capital Region, under component 7.4: Mobility.
- (15) The Commission has assessed the modified RRP including the REPowerEU chapter against the assessment criteria laid down in Article 19(3) of Regulation 2021/241.

Amendments based on Article 21 of Regulation 2021/241

- (16) The amendments to the RRP submitted by Belgium because of objective circumstances concern 34 measures.
- (17) Belgium has explained that 12 measures are no longer totally achievable, due to high inflation, particularly affecting raw materials and labour costs. This concerns target 12 and target 14 of investment I-1.07: ‘Renovation of public buildings - local authorities & sport’ of the Walloon Region, under component 1.1: Renovation; target 13 and target 14 of investment I-1.09: ‘Renovation of public buildings - schools’ of the French Community, under component 1.1: Renovation; target 13 and target 14 of investment I-1.10: ‘Renovation of public buildings - sport & IPPJ’ of the French Community, under component 1.1: Renovation; target 11 and target 14 of investment I-1.11: ‘Renovation of public buildings - universities’ of the French Community, under component 1.1: Renovation; target 36, target 37, milestone 38 and target 39 of investment I-1.22: ‘Biodiversity and adaptation to climate change’ of the Walloon Region, under component 1.3: Climate and Environment; milestone 94, target 95, target 96 and description of investment I-3.01: ‘Cycling infrastructure’ of the Flemish Region, under component 3.1: Cycling and Walking Infrastructure; target 95, target 96, and description of investment I-3.02 ‘Cycling infrastructure – Corridors Vélo of the Walloon Region, under component 3.1: Cycling and Walking Infrastructure; description of investment I-3.03: ‘Cycling infrastructure – Vélo Plus RBC’ of the Brussels-Capital Region, under component 3.1: Cycling and Walking Infrastructure; target 121, target 122, target 123 and description of investment I-3.18: ‘Charging stations - FED’ of the Federal State, under component 3.3: Greening Road Transport; target 151, target 153 and description of the investment I-4.12: ‘Development of

public utility housing and housing for vulnerable persons’ of the Walloon Region, under component 4.3: Social Infrastructure; target 190 of investment I-5.12: ‘Relocation of food and development of logistics platforms’ of the Walloon Region, under component 5.2: Supporting Economic Activity; and target 192 of investment I-5.13: ‘Digitisation of the Walloon tourism sector’ of the Walloon Region, under component 5.2: Supporting Economic Activity. On this basis, Belgium has requested to decrease the level of required implementation of the aforementioned measures. The Council Implementing Decision should be amended accordingly.

- (18) Belgium has explained that investment I-1.12: ‘Renovation of public buildings - culture’ of the French Community’, under component 1.1: Renovation, is no longer achievable given that the initial cost estimate provided in the original RRP was increased due to high inflation. However, taking into account the resources that were freed up by the removal of other measures under Article 21 of Regulation (EU) 2021/241, Belgium has maintained the level of required implementation of the associated targets.
- (19) Belgium has also explained that three measures are no longer totally achievable, because of high inflation and supply chain disruptions, particularly affecting raw materials, labour or electronic chips. This concerns target 122, target 123 and description of reform R-3.04 ‘Charging stations - WAL’ of the Walloon Region, under component 3.3: Greening Road Transport; target 160 and target 163 of investment I-5.03 ‘Upgrading of advanced training infrastructure’ of the Walloon Region, under component 5.1: Training and Labour Market; and milestone 171 of investment I-5.07: ‘Digital lifelong learning’ of the Walloon Region, under component 5.1: Training and Labour Market. On this basis, Belgium has requested to amend the aforementioned measures, and the Council Implementing Decision should be amended accordingly.
- (20) Belgium has explained that five measures are no longer totally achievable due to unexpected legal difficulties outside the control of the authorities, in particular, the need to adopt a new legal act following a judgment of the Constitutional Court, the lack of competence in a certain area of regulation by the Federal State, unexpected Union law compliance issues or extended stakeholder negotiations. Depending on the measures concerned, those difficulties relate for instance to the need to adopt a new legal act following the decision of the Constitutional Court, the lack of competence in a certain area of regulation by the Federal State, or unexpected Union law compliance issues. This concerns milestone 15 and description of reform R-1.04: ‘Regulatory framework for the H2 and CO2 markets’ of the Federal State, under component 1.2: Emerging Energy Technologies; milestone 23 of investment I-1.16: ‘An industrial value chain for hydrogen transition’ of the Flemish Region, under component 1.2: Emerging Energy Technologies; milestone 127 and description of reform R-4.01: ‘Digisprong’ of the Flemish Community, under component 4.1: Education 2.0; and milestone 129 and description of reform R-4.03: ‘Global action plan against early school leaving’ of the French Community, under component 4.1: Education 2.0; and milestone 139 and description of reform R-4.05: ‘Re-qualification strategy’ of the Brussels-Capital Region, under component 4.2: Training and Employment of Vulnerable Groups. On this basis, Belgium has requested to amend the aforementioned measures, and the Council Implementing Decision should be amended accordingly.

- (21) Belgium has explained that five measures are no longer totally achievable, due to unexpected technical difficulties outside the control of the authorities. These comprise for instance of difficulties in hiring specialised staff and unexpected safety concerns. This concerns milestone 19 of investment I-1.15: ‘An industrial value chain for hydrogen transition’ of the Federal State, under component 1.2: Emerging Energy Technologies; milestone 61 of investment I-2.05: ‘Digitalisation SPF of sub-measure 10: Single Digital Gateway’ of the Federal State, under component 2.2: Public Administration, milestone 106, target 107 and description of investment I-3.11: ‘Canal Albert and Trilogiport’ of the Walloon Region, under component 3.2: Modal Shift; target 144 of investment I-4.07: ‘Re-qualification strategy’ of the Brussels-Capital-Region, under component 4.2: Training and Employment of Vulnerable Groups; milestone 170 of investment I-5.06: ‘Digital skills’ of Flemish Region, under component 5.1: Training and Labour Market. On this basis, Belgium has requested to amend the aforementioned milestones and targets, and the Council Implementing Decision should be amended accordingly.
- (22) Belgium has also explained that due to unexpected technical difficulties the investment I-5.08 ‘Nuclear medicine’ of the Federal State, under component 5.2: Supporting Economic Activity is no longer totally achievable as originally planned. R&D findings demonstrated the unviability of the SMART project. Belgium has requested to replace this project by two new projects and to extend the timeline of implementation of the entire measure. This concerns deleting milestone 178, amending milestone 179 and the description of investment I-5.08: ‘Nuclear medicine’ of the Federal State, as well as adding two new measures I-5.08bis: ‘Nuclear medicine - the theranostic approach’ of the Federal State, and I-5.18: ‘SMELD: State-of-the-art MEtal MELting Limiting waste during D&D’. On this basis, Belgium has requested to make the aforementioned changes, and the Council Implementing Decision should be amended accordingly.
- (23) Belgium also explained that due to a failed procurement process due to circumstances beyond its control, investment I-3.06: ‘Tram extension’ of the Walloon Region is no longer achievable as originally planned. For this reason, Belgium has requested to replace this project with a new investment, namely Investment I-3.20: ‘Greening the bus fleet - WAL’, under component 3.3 Greening Road Transport. This entails the deletion of the description of investment I-3.06: ‘Tram extension’ of the Walloon Region and the amendment of targets 99, 100 and 101. On this basis, Belgium has requested to make the aforementioned changes, and the Council Implementing Decision should be amended accordingly.
- (24) Belgium has explained that six measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns target 44 and description of investment I-2.01: ‘Cybersecure and resilient digital society’ of the Federal State, under component 2.1: Cybersecurity, in order to provide a more permanent solution for ensuring the reliability of websites through the creation of browser plug-ins rather than through the purchase of certificates which are only valid temporarily. This also concerns milestone 77 and description of reform R-2.01 ‘Simplification of administrative procedures: e-government for businesses, simplification of administrative procedures’ of the Federal State, under component 2.2: Public Administration, in order to digitalise procedures related to the creation, modification and dissolution of a business. This concerns the description of the investment I-2.13: ‘Coverage of white areas by developing very high-speed fibre optic

networks' of the German-speaking Community, under component 2.3: Optic Fibre, 5G and New Technologies, in order to reflect a capital structure for the cooperation with the private sector that better corresponds to the expectations of the private sector. This concerns target 146 of investment I-4.08: 'E-inclusion for Belgium' of the Federal State, under component 4.2: Training and Employment of Vulnerable Groups, in order to reduce operational costs freeing up resources to fund more projects; milestone 175 and description of reform R-5.01: 'Cumulation regime and mobility to sectors with shortages' of the Federal State, target 174 and description of reform R-5.03: 'Learning account' of the Federal State, under component 5.1: Training and Labour Market, in order to facilitate access to training to the temporarily unemployed. On this basis, Belgium requested to amend the aforementioned measures, and the Council Implementing Decision should be amended accordingly.

- (25) The Commission considers that the reasons put forward by Belgium justify the amendment pursuant to Article 21(2) of that Regulation.

Corrections of clerical errors

- (26) 14 clerical errors have been identified in the text of the Council Implementing Decision, affecting ten milestones and targets and 20 measures. The Council Implementing Decision should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 30 April 2021, as agreed between the Commission and Belgium. Those clerical errors relate to: milestone 2 of reform R-1.02: 'Improved energy subsidy scheme' of the Brussels-Capital Region, under component 1.1: Renovation; target 12, target 13 and description of investment I-1.04 'Renovation of public buildings' of the Federal State, under component 1.1: Renovation; target 13 and target 14 and description of investment I-1.05 'Renovation of public buildings' of the Flemish Region, under component 1.1: Renovation; description of investment I-2.02 'Cybersecurity: 5G' of the Federal State; milestone 58 and the description of investment I-2.05: 'Digitalisation SPF' of the Federal State, under component 2.2: Public Administration; description of the investment I-3.04: 'Cycling and walking infrastructure – Schuman' of the Federal State; description of investment I-3.10: 'Rail – efficient network' of the Federal State, under component 3.2: Modal Shift; milestone 126 and description of reform R-3.03: 'Zero-emission company cars - FED' of the Federal State; description of reform R-3.05: 'Charging stations - RBC' of the Brussels-Capital Region; description of reform R-3.07: 'Emission Fraud' of the Flemish Region; description of investment I-3.19: 'Charging stations - VLA' of the Flemish Region; description of investment I-3.07: 'Metro extension' of the Walloon Region, under component 3.2: Modal Shift; description of investment I-3.09: 'Rail-Accessible and multimodal train stations' of the Federal State, under component 3.2: Modal Shift; description of the investment I-3.16: 'Greening the bus fleet - VLA' of the Flemish Region, under component 3.3: Greening Road Transport; description of reform R-4.02: 'Higher education advancement fund' of the Flemish Community, under component 4.1: Education 2.0; target 134 of investment I-4.02: 'Higher education advancement fund' of the Flemish Community, under component 4.1: Education 2.0; target 133 of investment I-4.04: 'Digital strategy for higher education and adult learning' of the French Community, under component 4.1: Education 2.0; target 131, target 132, target 133 and description of investment I-4.06: 'Digital transformation of education' of the German-speaking Community, under component 4.1: Education 2.0; description of reform R-5.04: 'Life-long learning' of the Flemish Community, under component 5.1: Training and Labour

Market; and description of reform R-6.02: ‘Spending reviews - Flemish general revision and spending norm’ of Flanders, under component 6.1: Spending Reviews. Those corrections do not affect the implementation of the measures concerned.

The REPowerEU chapter based on Article 21c of Regulation 2021/241

- (27) The REPowerEU chapter includes four new reforms and 17 new investments. The first reform consists in the revision of the Brussels Code for Air, Climate and Energy Management (COBRACE), which consolidates several environmental and energy efficiency regulations (R-7.01). This reform introduces obligations to renovate buildings to increase their energy efficiency. The second reform consists of reviewing the appeal procedure at the Council of State level for decisions regarding energy investments and renewable energy projects, granting them priority and shortening the timelines of the respective procedure (R-7.02). The third reform introduces an obligation to install solar photovoltaic panels in private buildings with an electricity consumption of more than 1 gigawatt hours per year and in public buildings with an electricity consumption of more than 250 megawatt hours per year in Flanders (R-7.03). The fourth reform consists in streamlining and shortening permitting procedures for renewable energy projects in Wallonia (R-7.04).
- (28) Eight new investments boost energy efficiency in buildings, under component 7.1: Renovation of Buildings. These concern the energy subsidy scheme for private housing renovations to support low-income households in the Brussels-Capital Region (I-7.01); the installation of heat pumps and solar panels in social housing units in the Walloon Region (I-7.04); equipping federal public buildings with charging stations, solar panels and LED lights (I-7.05); the renovation of four public buildings of the Flemish Region (I-7.06); the deployment of solar panels on public schools in the Flemish Region (I-7.07); energy audits and completion of energy measures in care buildings in the Flemish Region (I-7.08); the completion of energy works in the new *Vlaamse Radio en Televisie* building of the Flemish Region (I-7.09) and the completion of insulation, heat pumps, solar panels and LED lights in the *Agentschap Wegen en Verkeer* buildings of the Flemish Region (I-7.10).
- (29) Three new investments support emerging energy technologies, under component 7.2: New Emerging Energy Technologies. These concern R&D projects to optimise the infrastructure to import hydrogen or electricity of the Federal State (I-7.12); financial incentives for energy efficiency projects, such as industrial heat management or carbon capture and storage, and for the production of renewable energy and for the set-up of hydrogen or electric batteries value chains of the Walloon Region (I-7.13); and the support for energy-saving techniques, green heat and renewable energy projects in the agricultural sector of the Flemish Region (I-7.14).
- (30) Four new investments contribute to the deployment of renewable energy, under component 7.3: Renewable Energy. These concern the technical, economic and financial feasibility studies for floating solar panels in the North Sea, increasing their technology readiness level from of 4 to 7 (I-7.16); support to transform the electricity network in the Walloon Region into a smart grid (I-7.17); support for new technologies in the field of photovoltaic cells and solar energy as well as in the electrification of port infrastructure (I-7.18); and the reduction of restrictions in the neighbourhood of airports to build wind turbines (I-7.19).

- (31) Two new investments contribute to reducing energy demand and decarbonising road transport, under component 7.4: Mobility. These concern the replacement of old luminaires (high and low-pressure sodium lamps) with LED luminaires on motorways and LED lamps in tunnels in the Flemish Region (I-7.23); and the deployment of overnight and opportunity charging stations for electric busses in the Brussels-Capital Region (I-7.25).
- (32) The REPowerEU chapter also contributes to addressing energy poverty with the energy subsidy scheme for private housing renovations to support low-income households in the Brussels-Capital Region (I-7.01) and the investment in heat pumps and solar panels for social housing units in the Walloon Region (I-7.04).
- (33) The REPowerEU chapter includes one scaled-up measure, under component 7.1: Renovation of Buildings. Investment I-7.02: ‘Improved energy subsidy scheme’ of the Flemish Region, which introduces a substantive improvement in the level of ambition of measure R-1.01, sub-investment (i) ‘Improved energy subsidy scheme’ of the Flemish Region, already included in the original RRP.
- (34) Considering the decrease in the maximum financial contribution of EUR 1 400 569 368, Belgium has included in the REPowerEU chapter nine measures which were already contained in the Council Implementing Decision of 13 July 2021, in accordance with Article 21c(2). Those measures were reflected in that Implementing Decision under components 1.1: Renovation, 1.2: Emerging Energy Technologies; 3.2: Modal Shift and 3.3: Greening Road Transport. The estimated costs of these measures amount to EUR 324 941 685.
- (35) The Commission has assessed the modified RRP including the REPowerEU chapter and the request for loan support in accordance with Article 19(3) of Regulation 2021/241.

Balanced response contributing to the six pillars

- (36) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter 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.
- (37) The original RRP represented a comprehensive and adequately balanced response (Rating A) to the economic and social situation at the time, contributing appropriately to all of the six pillars referred to in Article 3 of Regulation (EU) 2021/241.
- (38) The modified RRP including the REPowerEU chapter continues to cover in a comprehensive manner the six pillars and contains a significant number of components supporting more than one pillar. In spite of the measures taken out of the original RRP on the basis of Articles 18 and 21 of Regulation (EU) 2021/241, 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 due to measures reintroduced into the REPowerEU chapter under Article 21c (3) of that

Regulation. In particular, the measures included in the REPowerEU chapter contribute to the pillars of green transition, and social and territorial cohesion.

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

- (39) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter 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.
- (40) In particular, the modified RRP takes into account the country-specific recommendations formally adopted by the Council prior to the assessment of the modified plan by the Commission. As the maximum financial contribution for Belgium has been adjusted downwards, the 2022 and 2023 recommendations not related to energy challenges are not considered in the overall assessment.
- (41) Having assessed progress in the implementation of all relevant country-specific recommendations at the time of submission of the modified national RRP, the Commission finds that the recommendation on providing liquidity to SMEs (CSR 2020.3.1) was considered fully implemented. Substantial progress has been achieved with respect to the recommendation to expand public investment for green and digital transitions and energy security (CSR 2022.1.2); to focus investment on research and innovation (CSR 2019.3.3, 2020.3.9); to reinforce the overall resilience of the health system (CSR 2020.1.2) and to mitigate the employment and social impact of the COVID-19 crisis (CSR 2020.2.1).
- (42) The modified 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 context of the European Semester, notably large investments in the digitalisation of public administration (CSR 2019.4, 2020.3), a reform of the pension system to improve its financial sustainability (CSR 2019.1.4), investments in education and skills (CSR 2019.2.2, 2019.2.3, 2020.2.2) and investments in the circular economy (CSR 2020.3.7).
- (43) The REPowerEU chapter addresses the challenges identified in the CSRs related to energy policy and the green transition. Notably, the REPowerEU chapter includes measures that directly address CSR 2023.4.2 and CSR 2022.4.2 on the need to step up energy efficiency improvements and the reduction of fossil fuel use in buildings, such as measures to improve the energy efficiency of buildings, in particular through thermal renovation and the installation of solar panels and heat pumps.
- (44) The REPowerEU chapter also includes measures that directly address CSR 2023.4.3 and CSR 2022.4.3 on the need to further stimulate the decarbonisation of industry, such as: (i) support for R&D projects to optimise the infrastructure for hydrogen or electricity imports; (ii) financial incentives for investments in energy efficiency projects such as industrial heat management, or carbon capture and storage (CCS); (iii)

support for energy-saving techniques, green heat and renewable energy projects in the agricultural sector. Moreover, measures in the REPowerEU chapter directly address CSR 2023.4.4 and CSR 2022.4.3 on the need to promote the supply and use of public transport as well as soft mobility, such as the purchase of electrical buses and deployment of respective charging infrastructure.

- (45) Finally, the REPowerEU chapter includes measures that directly address CSR 2023.4.5 and CSR 2022.4.4 on the need to accelerate the deployment of renewable energies and related grid infrastructure, such as: (i) a reform of the Council of State's appeal procedures to shorten the decision time on energy projects; (ii) a revision of the legal framework to streamline permitting procedures for renewable energy projects; (iii) a reduction of the restrictions in the neighbourhood of airports to facilitate the deployment of wind turbines (iv) an investment in the electricity distribution network to create 'smart grids'.

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

- (46) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter 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.
- (47) The assessment of the original RRP, in accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, found that the original RRP was expected to have high impact on strengthening the growth potential, job creation, and economic, social and institutional resilience (Rating A).
- (48) The modified RRP continues to include significant investments and reforms to address vulnerabilities of the economy and economic cohesion. This includes reforms to increase the quality of public spending; reforms to increase labour market participation; investments in digitalisation, training and up-skilling; and investments in research, development and innovation.
- (49) The modified RRP continues to include significant investments and reforms to address social challenges and improve social cohesion, including the integration of vulnerable groups. For example, reforms to tackle discrimination on the labour market, in particular the low employment rate of people with a migrant background; reforms of energy subsidy schemes to help alleviate energy poverty; and investments in social infrastructure, including in the renovation and construction of social housing and childcare facilities.
- (50) As part of the modification of the RRP, the required level of implementation of some of the above mentioned economic and social measures has been reduced, impacting proportionally their expected outcome. However, the result of the original assessment of the impact of the plan on strengthening the growth potential, job creation, and economic, social and institutional resilience remains unchanged.

Do no significant harm

- (51) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in this RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council⁵ (the principle of ‘do no significant harm’).
- (52) The modifications of the measures included in the original RRP do not have an impact on the assessment of the principle of ‘do no significant harm’ which remains identical.
- (53) Belgium submitted an assessment of the principle of ‘do no significant harm’ for each new and revised measure of the modified plan, including the REPowerEU chapter. The information provided shows that the plan is expected to ensure compliance with this principle. In addition, for those measures that require the selection of projects in the future, specific relevant safeguards should be introduced in associated milestones and targets for that purpose.

Contribution to the REPowerEU objectives

- (54) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (Rating A) to energy security, the diversification of the Union’s energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.
- (55) The implementation of the measures included in the REPowerEU chapter is expected to contribute notably to supporting the objectives in Article 21c (3), points (b), (c), (d), (e) and (f) of Regulation (EU) 2021/241.
- (56) Through the new measures on renovations of less energy-efficient performing private and public buildings, the REPowerEU chapter reinforced the ambition to effectively improve energy efficiency in buildings in line with the objectives set out in Article 21c (3), point (b) of Regulation (EU) 2021/241. Several measures (including measures I-7.04, I-7.05, I-7.07, I-7.09, I-7.10) involve the installation of solar panels or heat pumps, or installation of LED lighting. A new reform of the Brussels-Capital Region (R-7.01) envisages the amendment of Brussels code on air, climate and energy (COBRACE) to introduce new obligations on building renovation. The renovation component of the REPowerEU chapter also includes one scaled-up measure from the Flemish Region (I-7.02) consisting of subsidies for energy efficient renovations of private housing. Furthermore, the measures in the REPowerEU components 7.2: New Emerging Energy Technologies and 7.3: Renewable Energy support the objective of decarbonising industry and increasing the share and accelerating the deployment of renewable energy referred to under point (b) of Article 21c (3) of Regulation (EU) 2021/241. The measure I-7.13: ‘Call for decarbonisation of industry’ of the Walloon

⁵ 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).

Region provides financial incentives for energy investments in Walloon industries and for the development of new industries in green technologies. The measure I-7.14: 'Call for climate action in agriculture' of the Flemish Region aims at supporting investments that help decarbonising the agricultural sector. The decarbonisation of industry will also be pursued by reducing the use of natural gas via the development of transport networks for hydrogen by the Federal State (I-7.15), and the support to demonstration or R&D projects aiming to optimise the infrastructure for the import of hydrogen or electricity by the Federal State (I-7.12). Investment I-7.17: 'Optimisation of energy distribution' of the Walloon Region aims at making electricity grids smarter in order to cope with the growing production of decentralised renewable energy production. Other investment measures in the REPowerEU chapter support the diversification of the Union's energy supply by furthering the deployment of renewable energy, including a pilot project of floating solar panels in the North Sea (I-7.16) and the offshore energy island (I-7.20) of the Federal State, which consists of a hub for connecting offshore wind energy to the onshore electricity grid. Investment I-7.19: 'Removing barriers to renewable energy' of the Federal State aims at reducing the restrictions in the neighbourhood of airports for the development of wind energy projects, by investing in new air navigation systems. The new reform R-7.03: 'PV obligation for large consumers' of the Flemish Region aims to support the further deployment of solar photovoltaic (PV) panels. Reform R-7.04: 'Accelerating the energy transition' of the Walloon Region aims at facilitating and shortening permitting procedures for renewable energy projects. Reform R-7.02: 'Reform of the appeal procedures of the Council of State' of the Federal State is expected to shorten the time to deal with appeal procedures relating to decisions on energy investments and renewable energy projects.

- (57) The REPowerEU chapter also includes measures that are expected to effectively contribute to addressing energy poverty in line with the objective set out in Article 21c(3), point (c) of Regulation (EU) 2021/24. This concerns measures that provide support for energy-efficient renovations to vulnerable households, such as the scaled-up measure of the Brussels-Capital Region (I-7.01 Improved energy subsidy scheme) supporting subsidies to low-income households and the measure on renovation of social housing of the Walloon Region (I-7.04) which consists in the installation of solar panels and heat pumps in social housing units.
- (58) Several measures in the REPowerEU chapter also effectively contribute to incentivising the reduction of energy demand referred to in Article 21c(3), point (d) of Regulation (EU) 2021/24, by incentivising energy-efficient renovations, such as measures R-7.01, I-7.01 and I-7.02. Other renovation measures aim at achieving, on average, at least a 30% reduction of the primary energy consumption (I-7.06: 'Renovation of public buildings' of the Flemish Region, and I-7.10: 'Energy measures for AWW buildings' of the Flemish Region). The replacement of old luminaires with LED lamps along motorways and in tunnels aims at significantly reducing the related electricity consumption (I-7.23: 'Public LED lighting' of the Flemish Region).
- (59) Investments in zero-emission buses (I-7.21: 'Greening of the bus fleet' of the Brussels-Capital Region), in charging stations for electric cars (I-7.22: 'Charging stations' of the Federal State) and charging infrastructure for buses (I-7.25: 'Charging infrastructure for busses' of the Brussels-Capital Region), as well as investments in rail freight (I-7.24: 'Rail Efficient network' of the Federal State) effectively contribute

to supporting zero emission transport and its infrastructure, including railways as set out in Article 21c(3), point (e) of Regulation (EU) 2021/24.

- (60) Investments I-7.16: ‘Floating Solar’ of the Federal State and I-7.18: ‘Innovative renewable energy production initiatives’ of the Flemish Region contribute to supporting the value chains in technologies linked to the green transition in accordance with Article 21c(3), point (f) of Regulation (EU) 2021/24, by investing in R&D relating to the production of innovative technologies in the field of solar energy, energy storage and incorporation into energy grids. The measure I-7.11: ‘Research platform’ of the French Community, consists of investments in equipment for a shared platform used by universities and integrated in strategic value chains linked to the energy transition and contribute to the development of green skills related to complex energy systems.
- (61) The REPowerEU chapter is consistent with Belgium’s commitment to reduce greenhouse gas emissions. The measures reinforce those included in the original RRP on energy efficiency and incentivise the reduction of energy demand, by increasing the pace for renovation of buildings (addressing at the same time energy poverty) and by supporting zero-emission transport and its infrastructure, including railways.
- (62) The REPowerEU chapter also addresses the need to diversify away from fossil fuels by accelerating the deployment of renewable energy and the integration of renewable energy sources and support innovation for the uptake of fossil-free and renewable hydrogen, thus increasing Belgium’s security of supply of energy.

Measures having a cross-border or multi-country dimension or effect

- (63) In accordance with Article 19(3), point (db), of and Annex V, criterion 2.13, to Regulation (EU) 2021/241, the measures included in the REPowerEU chapter are expected to a large extent (Rating A) to have a cross-border or multi-country dimension or effect.
- (64) The REPowerEU chapter contributes to reducing dependency on fossil fuels and to reducing energy demand by improving the energy efficiency of buildings, by supporting the decarbonisation of industry, and by developing the production of renewable energy.
- (65) 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%.
- (66) The measures included in the REPowerEU chapter to boost the production of renewable energy also contribute to the exports of clean energy to other Member States. Similarly, the measures to decarbonise industry are also expected to contribute to the Union’s decarbonisation.

Contribution to the green transition including biodiversity

- (67) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter, 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 51% of the RRP's total allocation and 88% of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to that Regulation. In accordance with Article 17 of Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is consistent with the information included in the National Energy and Climate Plan 2021-2030.

- (68) The measures removed or where the level of required implementation has been reduced do not impact the overall ambition of the plan regarding the green transition while the REPowerEU chapter brings a significant effort to supporting further the green transition of Belgium, as all reforms and investments 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.
- (69) The modified RRP including the REPowerEU chapter 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.

Contribution to the digital transition

- (70) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 27% of the modified RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation.
- (71) The modification of the plan does not materially impact its ambition towards the digital transition. In spite of the removal of a few investments with a digital dimension, 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 connectivity, including 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.

Lasting impact

- (72) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a lasting impact on Belgium to a large extent (Rating A).
- (73) The assessment of the original RRP, in accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, found that the original RRP was expected to have a lasting impact on Belgium to a large extent (Rating A).
- (74) The modified RRP takes into account the reduced maximum financial contribution, the prolonged impact of the COVID-19 crisis, inflation and supply chain disruptions. Belgium requested loan support to compensate for the reduction in the maximum

financial contribution. In addition to the existing measures, the REPowerEU chapter is expected to have lasting positive effects on the Belgian economy and further boost its green transition. In particular, the measures included in the REPowerEU chapter are expected to support Belgium's decarbonisation effort, the greening of its transport network, energy transition and to 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 REPowerEU 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.

- (75) Reforms included in the REPowerEU chapter are also expected to have a long-lasting impact on Belgium notably by contributing to achieve its objective in terms of energy efficiency and renewable energy. The reform of the appeal procedures of the Council of State of the Federal State is expected to shorten the time to deal with appeal procedures relating to decisions on energy investments and renewable energy projects and to allow for a quicker deployment of onshore wind projects and the related expansion of the power grid which are currently severely hampered by long delays related to permit-granting procedures, in particular due to repetitive and lengthy appeal procedures. Other reforms reinforce the ambition to improve energy efficiency in buildings.

Monitoring and implementation

- (76) 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 modified RRP including the REPowerEU chapter are adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (77) The assessment of the original RRP, in accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241 found that the original RRP was adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (78) The nature and extent of the proposed modifications to Belgium's RRP do not have an impact on the previous assessment of the effective monitoring and implementation of the RRP. In particular, the milestones and targets that accompany the modified and new measures, including those in the REPowerEU chapter, are clear and realistic and the proposed indicators for those milestones and targets are relevant, acceptable and robust. 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.

Costing

- (79) 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 modified RRP including

the REPowerEU chapter 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.

- (80) The original assessment of the RRP determined that Belgium had provided estimated costs for each investment included in the RRP, with, for the most part, detailed and well-substantiated cost breakdowns. The justification provided by Belgium on the amount of the estimated total costs of the RRP was, to a medium extent (Rating B), reasonable and plausible, in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.
- (81) Belgium has provided individual estimated costs for all the new measures that entail a cost in the RRP including the REPowerEU chapter, as well as individual justifications for all the measures whose modifications entailed a change in the cost estimates or a related target. The cost information provided by Belgium is mostly sufficiently detailed and substantiated. For new measures and measures where the reduction in the ambition is more than proportionate to the reduction in the financial envelope, Belgium provided estimates including references to actual tender data as well as information on the methodology used. Belgium provided further information and evidence upon request. The assessment of the cost estimates and supporting documents shows that the majority of the costs of the new measures are well justified, reasonable and plausible. Moreover, the changes in the cost estimates of the modified measures are sufficiently justified. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.
- (82) Belgium has provided sufficient information and evidence that the costs for all new measures, including those in the REPowerEU chapter will not be funded at the same time by other Union funding sources. The commitment to put in place safeguards which are meant to prevent double funding remains and has not been altered by the plan's modification.

Protection of the financial interests of the Union

- (83) 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 modified RRP including the REPowerEU chapter are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests 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 Council⁶.

⁶ 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).

- (84) The original assessment had concluded on the adequacy of the control and audit arrangements proposed by Belgium (Rating of A) under criterion 2.10 of Annex V to Regulation (EU) 2021/241, subject to the timely fulfilment of two milestones: (i) pertaining to a repository system for monitoring the implementation of the RRP including the minimum functionalities and (ii) on the implementing 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.
- (85) The internal control system described in the modified Belgian RRP is based on robust processes and structure. The distribution of roles and responsibilities remains in place for the revised RRP. The first-level controls have been assigned to different public bodies that are part of the existing internal control framework for budget implementation in the six entities and no changes have been proposed in the modified plan. The mandates of the audit bodies and their respective administrative capacity have not been subject to modifications.
- (86) Each competent government developed and uses its own repository system to ensure the collection of data and monitoring of the achievement of the milestones and targets, as well as the collection and storage of the data required by Article 22(2)(d)(i)-(iii) of Regulation (EU) 2021/241. The legislative framework 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 and to collect the data thereof. The completeness and reliability of the data collected and stored is assessed under the first payment request submitted by Belgium.
- (87) Each entity exercises its powers autonomously in its own areas and organises the implementation of the plan, including to avoid double EU funding. The adequacy of arrangements to avoid double EU funding is assessed under the first payment request submitted by Belgium.
- (88) Since its previous assessment, the Commission has had access to information on the actual implementation of the different control procedures for the prevention, detection and correction of fraud, corruption and conflict of interest. Additional milestones are therefore introduced to improve the audit and control arrangements of the modified Belgian RRP. In order to ensure robust internal control systems adequate to Belgium's constitutional framework, the coordinating bodies, in collaboration with the implementing bodies if necessary, should adapt their manual of procedures describing the management and control system and issue instructions to the implementing bodies, including as a minimum provisions requiring 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 or documents should 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 should 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 the protection of

financial interest of the Union to be conducted in line with Regulation (EU) 2021/241. Furthermore, the coordinating bodies should issue instructions 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, including mandatory declarations on the absence of conflict of interest by 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 to carry out the conflict of interest checks set out in the instructions. These milestones should be fulfilled at the latest by the time of submission of the second request for payment to the Commission.

Coherence of the RRP

- (89) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter includes to a medium extent (Rating B) measures for the implementation of reforms and public investment projects that represent coherent actions.
- (90) The assessment of the original RRP, in accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, considered the original RRP included to a medium extent (Rating B) measures for the implementation of reforms and public investment projects that represent coherent actions.
- (91) The modification of the RRP affects five out of six axes, and brings an additional (7th) axis, the REPowerEU chapter. The modifications made to the existing axes do not alter the overall coherence of the plan, taking into account the way the components are mutually reinforcing and complementary. 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, particularly those aimed at reducing overall energy dependency. The REPowerEU chapter brings a consistent mix of reforms and investments that are mutually reinforcing and complementary. However, it is rather scattered with many investments of limited size, whilst the scaled-up measures are a minority.

Consultation process

- (92) Belgium has carried out additional consultations of stakeholders in the context of the amendment of the plan and for the preparation of the REPowerEU chapter. This consultation process involved the Federal State, the three Regions, the three Linguistic Communities as well as social partners and the civil society.

Positive assessment

- (93) Following the positive assessment of the Commission concerning the modified RRP including the REPowerEU chapter, with the finding that the plan 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, the reforms and investment projects necessary for the implementation of the modified RRP including the REPowerEU chapter, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the modified RRP including the REPowerEU chapter in the form of non-repayable financial and loan support should be set out.

Financial contribution

- (94) The estimated total cost of the modified RRP including the REPowerEU chapter of Belgium is EUR 5 299 439 854. As the amount of the estimated total cost of the modified RRP is higher than the updated maximum financial contribution available for Belgium, the financial contribution calculated in accordance with Article 11 allocated for Belgium's modified RRP including the REPowerEU chapter should be equal to the total amount of the financial contribution available for Belgium's modified RRP including the REPowerEU chapter. This amount is equal to EUR 4 523 383 959.
- (95) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 20 July 2023 Belgium submitted a request for the allocation of the revenue referred to in Article 21a (1) of that Regulation, shared between Member States on the basis of the indicators set out in the methodology in Annex IVa to Regulation (EU) 2021/241. The estimated total costs of the measures referred to in Article 21c(3), points (b) to (f) included in the REPowerEU chapter is EUR 725 603 658. As this amount is higher than the allocation share available for Belgium, the additional non-repayable financial support available for Belgium should be equal to the allocation share. This amount is equal to EUR 281 716 188.
- (96) Additionally, in accordance with Article 4a of Regulation (EU) 2021/1755⁷, on 21 March 2023 Belgium submitted a reasoned request to transfer part of its remaining provisional allocation from the resources of the Brexit Adjustment Reserve to the Facility, amounting to EUR 228 850 088. That amount should be made available to support the reforms and investments in the REPowerEU chapter as additional non-repayable financial support.
- (97) The total financial contribution available to Belgium should be EUR 5 033 950 235.

Loan

- (98) Furthermore, in order to support additional reforms and investments, Belgium has requested a total loan support of EUR 264 200 000, in particular, EUR 215 000 000 to support the reforms and investments in the REPowerEU chapter and EUR 49 200 000 to support the other reforms and investments in the RRP. The maximum volume of the loan requested by Belgium is less than 6,8% of its 2019 gross national income in current prices. The amount of the estimated total costs of the RRP is higher than the combined financial contribution available for Belgium, including the REPowerEU chapter and the updated maximum financial contribution for non-repayable financial support, the revenue from the emission trading system under Directive 2003/87/EC of the European Parliament and of the Council⁸, and the resources from the Brexit Adjustment Reserve.

REPowerEU Pre-financing

⁷ Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357 8.10.2021, p. 1).

⁸ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32–46).

- (99) Belgium has requested the following funding for the implementation of its REPowerEU chapter: transfer of EUR 228 850 088 from the provisional allocation from the resources of the Brexit Adjustment Reserve, and EUR 281 716 188 from the revenue from the Emissions Trading System under Directive 2003/87/EC of the European Parliament and of the Council, EUR 215 000 000 in the form of loan.
- (100) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 27 July 2023 Belgium has requested pre-financing of 20% of the funding requested. Subject to available resources, that pre-financing should be made available to Belgium subject to the entry into force of, and in accordance with, agreements to be concluded between the Commission and Belgium pursuant to Article 23(1) of Regulation (EU) 2021/241 (the 'financing agreement') and pursuant to Article 15(2) of that Regulation (the 'loan agreement').
- (101) Council Implementing Decision 10161/21 of 13 July 2021 on the approval of the assessment of the RRP for Belgium should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

Article 1

Implementing Decision (EU) 10161/21 is amended as follows:

- (1) Article 1 is replaced by the following:

“Article 1

Approval of the assessment of the RRP

The assessment of the modified 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 and the additional milestones and targets related to the payment of the loan, 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.”;

- (2) In Article 2, paragraphs 1 and 2 are replaced by the following:

“1. The Union shall make available to Belgium a financial contribution in the form of non-repayable support amounting to EUR 5 033 950 235.⁹ That contribution includes:

- (a) an amount of EUR 3 645 626 483 that shall be available to be legally committed by 31 December 2022;
- (b) an amount of EUR 877 757 476 that shall be available to be legally committed from 1 January 2023 until 31 December 2023;
- (c) an amount of EUR 281 716 188¹⁰, in accordance with Article 21a(6) of Regulation (EU) 2021/241, exclusively for measures referred to in Article 21c of that Regulation, with the exception of measures referred to in Article 21c (3), point (a);
- (d) an amount of EUR 228 850 088, transferred from the Brexit Adjustment Reserve to the Facility.

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 770 113 933 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 102 113 255 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

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 following Article is inserted:

*“Article 2a
Loan support*

- 1. The Union shall make available to Belgium a loan amounting to a maximum of EUR 264 200 000.
- 2. The loan support referred to in paragraph 1 shall be made available by the Commission to Belgium in instalments in accordance with the Annex to this Decision.

⁹ This amount corresponds to the financial allocation after deduction of the Belgium’s proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

¹⁰ This amount corresponds to the financial allocation after deduction of Belgium’s proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Annex IVa of that Regulation.

An amount of EUR 43 000 000 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

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 referred to in paragraph 2 shall be released subject to the entry into force and in accordance with the loan 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 Loan 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 additional milestones and targets covered by the loan and identified in relation to the implementation of the modified RRP including the REPowerEU chapter. In order to be eligible for payment, Belgium shall complete the additional milestones and targets no later than 31 August 2026.

(4) The Annex is replaced by the text in the Annex to this Decision:

Article 2
Addressee

This Decision is addressed to Belgium.

Done at Brussels,

For the Council
The President