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Southern Europe

Economic Challenges, Opportunities and the Recovery and Resilience Facility

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Executive summary

Southern Europe as a region was severely impacted by several economic crises in the last decade, the latest one being related to the Covid-19 pandemic followed by the impact of the Russian invasion of Ukraine. These events have highlighted the need for certain challenges to be overcome by Portugal, Spain, Italy and Greece, as well as for some opportunities to be seized. Regarding the challenges, lack of economic growth associated with obstacles in the respective business environments and competitiveness settings is one of the main problems faced, as well as an excessive economic dependence on tourism, which has been proven to be vulnerable to crises and the source of other negative impacts. Additionally, the youth in this region faces steep challenges in starting an adult life, with high youth unemployment, low wages and a late departure from the parental household, which can deepen other issues, such as low fertility rates, economic growth, the brain drain and disengagement in the political society. Other outlying challenges include government debt reduction, solving the microchip crisis and guaranteeing political stability. Nonetheless, Southern Europe also faces excellent opportunities that can be taken advantage of. Firstly, renewable energy in the context of the fight against climate change will be a priority in the near future that can lead to job creation and that will benefit from concentrated EU efforts and targets under the Green Deal and Fit For 55. In second, trade, which is at the essence of the EU, will also play a major role in increasing the available markets for Southern European businesses, provided EU efforts are made in expanding and establishing agreements while incorporating other priorities such as the fight against carbon leakage and supply chain crisis management. In this context, the Next Generation EU funds are of great importance, particularly the Recovery and Resilience Facility, as it will allow EU member states to undergo a green and digital economic transformation, addressing challenges and investing in opportunities. Southern Europe as a region is one of the biggest beneficiaries of this program and as such, success in the implementation of each national plan, especially the largest ones, will dictate the success of the policy as a whole. Expected results are very positive, and a smooth and appropriate execution of the funds will contribute to steer Southern Europe towards achieving its full potential.

1. Introduction

Southern Europe, as other regions in Europe, has many particularities that make it unique. The region, comprising Portugal, Spain, Italy, and Greece, boasts a rich history and cultural heritage, acting as testimony to some of history's largest and most influential empires. The Mediterranean constitutes the southern border of the continent, and so, the countries that lie on its shores act as a natural gateway. Thus, the geographical positioning of southern European countries gives their infrastructures critical importance to the rest of the Union, namely in trade, energy supply and geopolitical projection. Additionally, the Iberian nations have deep historical and economic connections to Africa and Latin America, thus making Southern Europe an European entry point not only for the other shore of the Mediterranean, but also towards the entire Atlantic Ocean. Additionally, geographic and climate conditions also make the region prone to activities such as tourism and certain types of agriculture. In spite of these conditions, the region has faced significant economic challenges in recent years, being deeply affected by the financial and sovereign debt crises, which aggravated structural problems. However, Southern Europe has the potential to become a dynamic and thriving region if challenges are addressed, obstacles overcome and opportunities seized, making a significant contribution to Europe's economy and to a more sustainable, global future.

Economic growth is essential for any society that strives for constant development and the betterment of its citizens life quality. However, this decade has not yet proven bountiful in growth – the traumatic events of the Covid-19 pandemic and more recently Russia's war against Ukraine have hindered robust growth perspectives for Southern Europe. In this context, these countries will have to face the more difficult challenge of not only having to recover from two shocks on their economies, but also to try and overcome structural challenges that were present long before. Namely, Southern Europe will have to change its growth strategy in one of its largest sectors – tourism – in order to make it less volatile, thus guaranteeing more economic stability in the long-run, and also to make it more sustainable. This sustainability is regarded in its social, environmental, and economic dimensions, as overtourism is becoming a recuring phenomenon in many Southern European destinations. Furthermore, the region will have to implement measures that render it more attractive for foreign investors. Having a sound and friendly business environment is paramount to attracting investment and having a well-functioning economy. However, this quality isn't particularly one that reigns in southern Europe. Improving their business environment and their countries' competitiveness can help overcome many obstacles through job creation, innovation, and economic growth.

One of the main difficulties many economies have in southern Europe is maintaining their most skilled workforce at home and provide them with the perspective of a well-off life. However, many factors have made this a very arduous task in recent years. Many young people in Southern Europe – often considered the most skilled generation to date – choose to pursue better economic and personal development opportunities in other richer countries. This problem is pivoted by the lack of attractive salaries, obstacles to entrepreneurship and the knowledge of better opportunities abroad. The hardships faced by the youth are at the core of the brain drain dynamic seen in Southern Europe, which results inevitably results in the loss of qualified professionals, tax revenues and the investment made in their superior education. The region's countries should develop robust and directed policies in order to retain the youth, giving them conditions similar to those they can only find elsewhere, allowing them to develop successful careers, gain independence and develop their life projects.

In regard to other challenges that the future holds for the region, debt reduction remains a looming threat. With the four highest levels of government debt to GDP ratio in the EU, another financial and/or sovereign debt crisis could spell disaster for Southern Europe, and so macroeconomic prudency in policymaking as well as concentrated debt reduction efforts should be developed. On another "front", the Covid-19 pandemic further increased the undersupplied demand for electronics, giving microchips an even greater strategic importance in global markets. Currently microchip production is mainly located in Asia, particularly Taiwan, but the supply chain fragilities that were shown during the pandemic foresee new investments in this sector. Some of these investments are positioning to enter southern Europe, which can play an important role in solving this microchip crisis, reducing European dependence, and creating thousands of qualified jobs in the process. Finally, political dynamics should also be taken into consideration when pondering these challenges, and can, in fact, turn out to bringing additional challenges of their own. With electoral calendars previewing elections in 2023 in Greece and Spain, political instability rising in Portugal and a politically extremist government in Italy, the economic recovery might not go as smoothly as thought.

Often with great challenges come sizeable opportunities, and a perfect example is climate change, which is, without a doubt, one of this century's biggest challenges, and Europe is on the forefront of this fight.

European countries are among the biggest users of renewable energy and the European Union has strived to promote demanding climate targets in order to guarantee carbon neutrality by 2050 and increase the production of green energy. Fortunately, Southern European countries boast exceptional conditions to harvest energy sources such as solar, wind and hydroelectric power. Parallel to national efforts and strategies, the EU has been showing leadership and initiative in this domain. Under the umbrella of the Green Deal, the EU has promoted the important Fit For 55 policy packages containing a wide range of decarbonisation measures and stricter targets. Measures such as these will complement national efforts and guide Southern Europe towards a more sustainable future.

Another significant opportunity available to Southern Europe is quite simple, old, but nevertheless extremely effective and at the core of globalization – it is free trade. The European Union is the world's largest trading bloc, providing internal free movement of people and goods. However, the internal market is not enough to satisfy European enterprises, and so, other markets must be sought. The EU has negotiated trade with several countries, some of which whose negotiations are yet to be finalized. Each new trade deal presents itself with unique opportunities, and none should be ignored. However, in some cases, such as with Mercosur, political difficulties remain, but can hope to be solved. Additionally, the EU's policymaking in other areas such as the fight against climate change or the safeguarding of supply chains, promise to change the way trade and wider economic activities are made. Policies such as the Carbon Border Adjustment Mechanism and the Single Market Emergency Instrument will soon become impactful realities for which stakeholders should take the necessary precautions.

In order to face the Covid-19 crisis' economic impact as well as other structural economic problems of the member-states, the EU created the Next Generation EU plan, attempting to provide an adequate response. Under this plan, the European Commission structured the Recovery and Resilience Facility, that would provide funds in order to achieve outlined objectives during an implementation period from 2021 to 2026. These funds, worth €723,8 billion in current prices and divided into grants and loans parts, are meant to allow a swift economic recovery, and contribute significantly to the green and digital transitions of European economies. Each member state would receive a specific allocation of said funds and elaborate their own implementation plans according to EU Commission instructions. Under this facility Southern Europe stands out as being the most benefited region, with a large share of total funds, thus making its success in their implementation not only a national necessity for each country, but also a European one, by assuring the program's efficacy.

All considering, this report aims to explore some of Southern Europe's economic challenges and opportunities, and how the European Recovery and Resilience Facility plans to help the region in its path to economic growth and transformation. Firstly, under the challenges, an overview of recent economic growth tendencies will be made, followed by elaborations on the region's tourism sector, business environment and competitiveness. The main problems of the region's Youth will also be addressed, underlining the importance of dedicated policies in order to stop the current brain drain tendency. Other challenges such as the debt burden, the microchips crisis and political factors will also be addressed. Regarding economic opportunities, renewable energies and the green transitions will be explored in depth, taking into account the EU's increasing role in these domains through specific policies. Free trade as an economic opportunity will also be addressed, shedding light on some of the trade deals currently under negotiations and on EU climate and supply chain policies that will affect the trade paradigm. The challenges and opportunities analysis will be followed by an overview of the Next Generation EU funds, and by the analysis of the most important features of the national Recovery and Resilience Plans for Portugal, Spain, Italy and Greece. A final aggregate analysis will also be provided. The report will be finalized by its conclusions and final remarks, with useful data available in the annexes.

2.Challenges

2.1. Economic Growth

The second decade of the 21st century was not an easy one for most European countries, in particular for southern Europe. The beginning of the decade was marked by the impact of the 2008 global financial crisis in the continent. The effect this crisis had on American and global markets did not leave European states untouched. A difficult period of credit restraints and budgets tightening was lived between 2009 and 2013, straining public finances and worsening social conditions for the citizens. Among the EU member states that were most affected by this were, mostly, southern European countries, such as Portugal, Spain, Italy, Greece, and Cyprus, joined by their north-western neighbour Ireland, who despite having endured a sharp recession, enjoyed a swift and strong recovery. Unfortunately, the same could not be said by these Mediterranean economies.

Table 1
Economic Growth in Southern Europe[1]

Period Average		Pandemic	Recovery	War in Ukraine		
Countries	2010-2021	2020	2021	2022	2023	2024
EU27	1,3	-5,7	5,4	3,3	0,3	1,6
Euro Area	1,1	-6,1	5,3	3,2	0,3	1,5
Portugal	0,5	-8,3	5,5	6,6	0,7	1,7
Spain	0,4	-0,1	5,5	4,5	1	2
Italy	0,0	-9,0	6,7	3,8	0,3	1,1
Greece	-1,8	-9,0	8,4	6	1	2

Source: Own preparation. Data from: Eurostat (2021) and European Commission (2022)

According to Eurostat[1], between 2010 and 2021, the EU average annual GDP growth was quite underwhelming, measuring only 1,3%. Comparing, the southern Europe average was even lower, reaching negative values with -0,02%, showing that southern European countries underperformed during the same period. In fact, out of the four countries in analysis, only Greece averaged negative numbers, with a -1,8% average annual growth rate. This value was mainly due to the severely negative values shown between 2010 and 2013 and in 2020, Still, Portugal, Spain and Italy showed very low values, all below half a percentage point. In this period, the Euro Area as a whole also managed to present a higher average annual growth rate (1,1%), however it underperformed comparing to the Union average.

Looking at the end of the decade, economic growth is evidently marked by the Covid-19 pandemic. This crisis was very different from others, not only because of its sanitary nature, but also due to its global effect – no country was left unaffected by the pandemic. Covid-19 caused far-reaching impacts, killing millions of people, forcing drastic changes in society due to lockdowns and, of course, greatly reducing economic output. These consequences made 2020 a year marked by a previously unexpected recession. While the EU had an average growth rate of -5,7% and the Euro Area an average of -6,1%, southern Europe suffered some of the sharpest GDP drops. Spain had the largest reduction in GDP with -11,3%, followed by Italy and Greece, both with -9%, while Portugal endured an 8,3% drop.

Southern Europe's particular economic vulnerability to the Covid-19 pandemic is also an interesting subject which will certainly be studied during the following years. Factors such as the importance of tourism as an economic activity, which was almost completely halted during the pandemic, the flaws and failures of healthcare systems, excess mortality and generally more precarious financial situations may have been decisive factors.

Despite having suffered deeply during the pandemic, southern Europe enjoyed strong economic growth in 2021, outperforming both the EU and the Euro Area, which grew only 5,4% and 5,3% respectively. Portugal and Spain showed both 5,5% growth while Italy grew 6,7% and Greece enjoyed a robust 8,4%. The pandemic's impact was evidently hard and swift, but unfortunately, the recovery that followed after widespread vaccination and the end of lockdowns in western countries was short-lived. On February 24th, 2022, Russia launched a full- scale invasion of Ukraine with the purpose of conducting the alleged "denazification and *demilitarization*" of the country. In practice, what Vladimir Putin's invasion aimed for was to topple Ukraine's democratic and pro-western regime, annex Russian-speaking territories and subjugating the country back into Russia's sphere of influence. War had suddenly started once more in Europe, something most thought impossible after the Yugoslav Wars.

The advent of Russia's invasion completely changed the growth recovery trajectory in post-Covid-19 Europe. What was expected to be a swift and strong recovery turned out to be an unexpected and grim scenario, with very slow growth and some economists and banks even predicting mild recessions in some countries. Trade with Russia was sharply reduced, and sanctions were successively implemented against key Kremlin politicians, while the price of gas sharply rose, thereby contributing to large price increases, resulting an unprecedented inflation. This was met by a sudden shift in the European Central Bank's monetary policy[2;3], raising interest rates from negative values in July 2022, up until 2% in late December, with policymakers expecting a peak in rates in the summer. In parallel, the European Commission also announced several aid packages for Ukraine[4], with previewed aid in 2023 amounting to €18 billion in order to help the country's immediate funding needs.

Regarding southern Europe's Russian energy exposure[5], it is comparatively low regarding what was verified in the east. In 2021, only Greece had a more worrying dependence, with 64% of natural gas coming from Russia, followed by Italy with 38%. Portugal and Spain do not import significant quantities of natural gas from Russia as their main suppliers come from Africa, mainly from Algeria and Nigeria. This succession of events did not, however, drastically halt southern Europe's growth trajectory in this first year of conflict. All four countries outperformed the EU and the euro area, with Portugal leading with 6,6%, followed by Greece's 6%, and some weaker performances in Spain (4,5%) and Italy (3,8%). Unfortunately, the European Commission's predictions[6] are not favourable for the following years. In 2023 it is expected that Greece[7] and Spain[8] will only grow by 1%, while Portugal[9] is set to grow 0,7% and Italy[10] 0,3%. In 2024 predictions are only slightly more favourable, with Greece and Spain both with 2% GDP growth, Portugal with 1,7% and Italy in 1,1%. Southern Europe is being seriously affected by the economic slowdown in consequence of the war and the European Union should continue facing this crisis in a unified manner, whose importance is more relevant than ever.

Regarding more endogenous growth factors, southern Europe's natural characteristics, namely geographic and climacteric, paired with outstanding cultural and historical heritages, make tourism a very important economic activity for these countries. However, these conditions are also met with some serious challenges. Tourism data[11] from the period surrounding the pandemic period shows three different realities in these countries: 2019, with a very high representation of tourism on GDP, a sudden pandemic-lead drop in 2020, and a somewhat slow recovery in 2021, still lacking when compared to pre-pandemic levels. In 2019, tourism in Greece represented 20,7% of its GDP, in Portugal 17,1%, in Spain 14% and in Italy 10,6%. Together, with an average of 15,6%, southern Europe showed higher numbers than the Euro Area (10,6%) and the European Union (10,2%). With the pandemic, in 2020, tourism in GDP more than halved in southern Europe, dropping the average to 7,4%, and during the recovery, in 2021, it only climbed back to 10,8%. However, it is worth highlighting that in 2021, tourism in Greece and Portugal already represented again 14,9% and 10,9%, respectively.

Evidently, with a large representation of tourism in southern European economies, globally shocking events like Covid-19 caused huge losses to countries such as these, as it shed light on the dependence on tourism for many economies. Tourism has a very positive contribution to a country's economy, however, as it is a fluctuating, volatile activity, it lacks in reliability for sustainable long-run economic growth. This is mainly due to the seasonality factor, as specific periods along the year benefit from increased tourism flows. Additionally, according to a study[12] spanning 132 countries, tourism jobs are characterised as being low paid, with some degree of precarity and with a high proportion of women tourist workers. These factors paired with the risk of income loss during crises, such as the pandemic, have the potential to increase income and gender inequalities on the national level when the sector crashes. Income inequality can also increase internationally because tourism, as a luxury good with income elasticity[12], also acts as a means of wealth transfers

between countries. Besides the volatility factor, tourism can also kickstart a modern phenomenon of excess called overtourism.

According to a general overtourism model presented by a European Parliament report[13], overtourism is a situation where tourism impacts exceed the destination's tourism capacity, be it ecological, physical, economic, social, or psychological. This situation is caused by drivers such as tourism density and intensity, ease of access either by cruises or airplanes, tourism as a share of GDP, among others. Consequently, the life quality for the destination's residents is significantly impacted through gentrification, loss of liveability and the destination's attractiveness. According to World Bank data[14], tourist arrivals numbers in southern European countries are among the highest in the European Union. Before the pandemic, in 2019, Spain was the second most visited member state, with 126 million arrivals, Italy was the third, with 95 million, Greece the ninth with 34 and Portugal the thirteenth with 17 million – all numbers vastly superior to the countries' respective populations.

The intensity of arrivals together with the already analysed tourism as a share of GDP should serve as warnings to southern European countries. Ultimately, it is possible to say that when this activity reaches a state of overtourism, the consequent impacts have the potential of hindering economic growth prospects by multiple factors. For example, compromising the liveability of urban spaces through gentrification reduces available income for individuals, therefore decreasing savings and local investment. Furthermore, tourism intensity can end up degrading the tourism potential of the destinations themselves, be it through ecological damage or social defacement of historical neighbourhoods. Evidently, these factors among others can jeopardize the long-term tourism potential of countries affected by overtourism.

In short, in order to best seize the opportunity tourism presents to southern Europe and maintain it as a growth factor, these member states should develop policies and approaches that guarantee the sustainability of this important economic activity, contributing also to the improvement of its public perception. Fortunately, the issue has started to be addressed in recent years albeit with lack of consistency and concentrated efforts. Several destinations such as Santorini, Venice and Barcelona have experienced the impacts of overtourism, and policymakers opted for light measures[15]. These range from attempted cruise passenger caps and special fees for daytrips, to the promotion of nearby attractions in efforts to reduce tourist concentrations. Perhaps one of the most noteworthy measures taken – despite it not being implemented by government choice – would be the cruise ship ban in Venice[16]. Italy applied this measure under the threat of UNESCO classifying Venice as an endangered world heritage site due to the degradation and environmental effects mass tourism has been inflicting on the city for the last several years. While many residents cheered the policy, many others whose livelihoods depend on tourism, did not. This kind of societal split is exemplary of tourism's trait as a double-edged blade, putting policymakers at the crossroads between economic growth and sustainability. A balance must be sought.

In the age of globalization and free markets, being a competitive country among others is paramount to attract investment, create jobs and consequently increase wealth and living standards. Being one of Europe's primordial pillars the prevalence and superiority of market economies, possessing a competitive economy at the heart of European policymaking as well. As a result, economic competitiveness is an important economic characteristic of countries, it being indicative of attractive it is to operate businesses and invest in – both key drivers of economic growth.

One useful publication that measures this, would be the Ease of Doing Business Ranking, from the World Bank. Despite it having been suspended in 2021 due to data irregularities with origin in political pressure[17] in order to favour China's position, the metrics displayed by the report are of great relevance. It measures the different phases[18] in opening a new business, from sourcing a location, setting it up and financing it, and operating it safely, based on 11 indicators for 190 countries. According to its latest iteration[19] from 2020, available in Annex I, with values benchmarked to 2019, southern Europe's position is not among the best performers and clearly shows room for improvement in many areas. Among the four nations, Spain leads in 30th place, with a score of 77,9, followed by Portugal in 39th place with 76,5, Italy in 58th place with 72,9 and Greece in a quite low 79th place, scoring 68,4. Breaking down its features, Spain and Portugal score very low on the ease of starting a new business, while Italy and Greece also score extremely low in categories such as dealing with construction permits, paying taxes and enforcing contracts. It is also worth highlighting that all four countries score very poorly in the getting credit category.

Another important ranking that measures indicators related to business prosperity is the Heritage Foundation's Index of Economic Freedom[20]. This index, available in Annex II, measures economic freedom based on 12 indicators grouped into categories, namely rule of law, government size, regulatory efficiency, and open markets, for 184 countries. The Foundation highlights[21] that the best performers in these indicators achieve positive social and economic goals, like eliminating poverty, having stronger democracies, more development and wealth. Inversely, poor performers will register obstacles to prosperity and liberty, resulting in less free societies. Analysing southern Europe's standing in this ranking also yields similar results to the first source, even if with different variables. In a quick overview of the four countries' performance on some indicators, one can highlight the collective bad performance regarding the tax burden and labour freedom, Greece's poor showing in judicial effectiveness, Greece's and Italy's bad record on government integrity and spending and Spain and Italy's very low values in fiscal health. On a brighter side, all four countries scored well on business, monetary and trade freedoms.

Evidently, southern Europe faces multiple challenges regarding economic growth and policy makers should take into account not only indicators where their countries score the lowest but also the flaws in unreliable growth strategies and lack of business competitiveness.

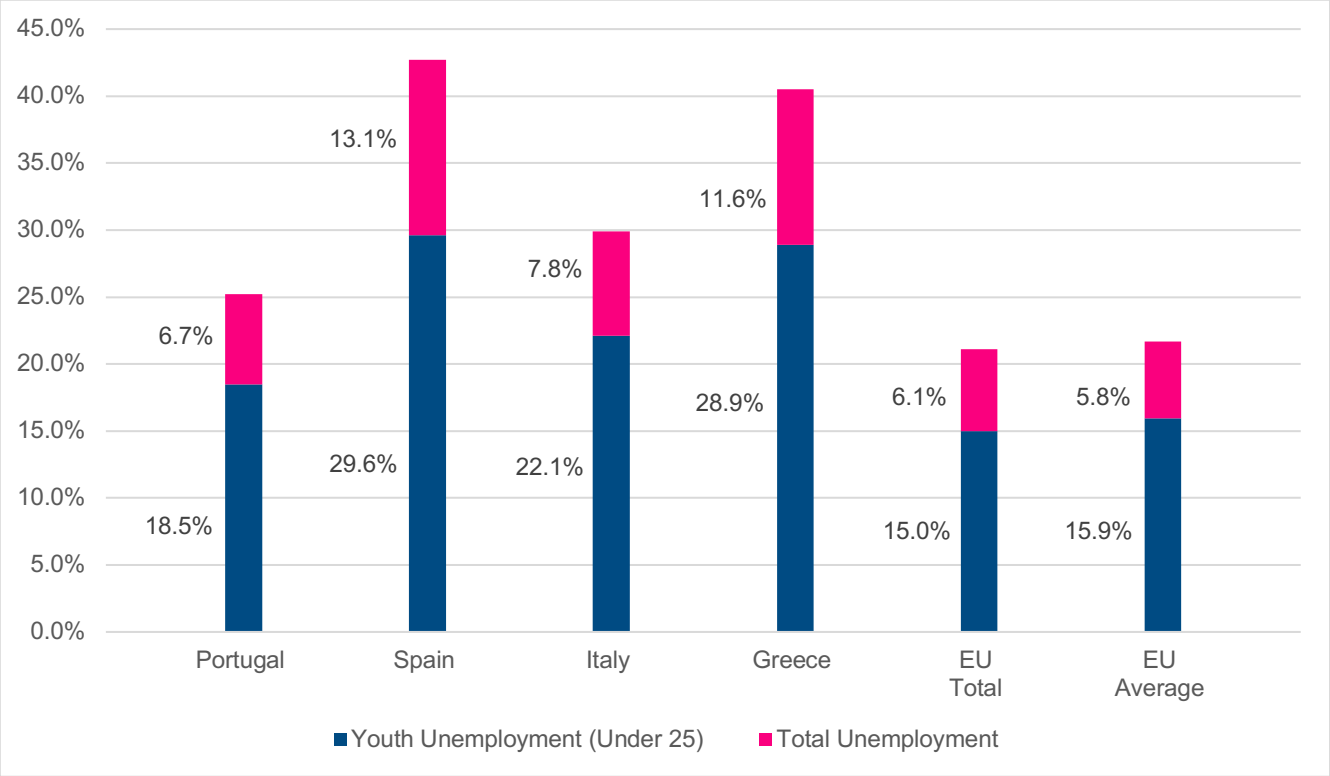
2.2. – The Youth

Ideal policymaking is able to tackle not only a specific problem of the present but also to provide an answer in such a way that it will no longer deeply affect the future. Unfortunately, such scenarios are scarce, and there is no such thing as a *Panacea* for the problems faced today. However, thinking about the long term of a society is essential for its proper development, and thus, the younger generations are of particular importance. It is the young, especially the ones in the beginning of their adult life and economic emancipation, that lack the most dedicated policymaking. Despite being considered often the generation with the best education, living conditions and having "naturally" acquired digital skills, today's young adults in Southern Europe, paradoxically, do not face the best future prospects. Problems such as unemployment, low salaries and lack of financial independence, among others, are some of the issues faced by this new generation.

Firstly, unemployment is a problem that affects the overall economy of these countries, but particularly the youth. As shown by Graph 1 and according to Eurostat[22], all four Southern European countries suffer from very high youth unemployment rates. Spain and Greece, respectively with 29,6% and 28,9% of their population under the age of 25, right at the beginning of their professional lives, face unemployment. These values are almost double of those verified both at the total EU level and at the EU average, which is very preoccupying. Despite having a slightly better showing, Portugal (with 18,5%) and Italy (with 22,1%) still have very high values.

Graph 1

Seasonally Adjusted Unemployment – December 2022[22]



Source: Own preparation. Data from: Eurostat (2023)

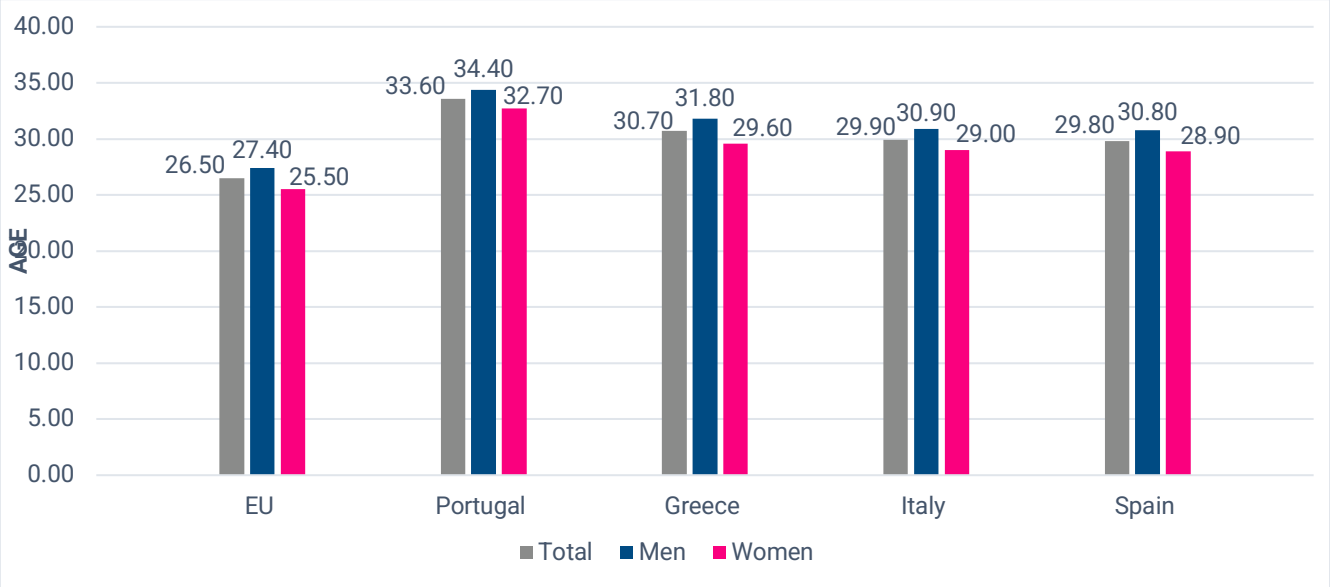
The first employment experiences are very important for young people as they shape their initial attitudes towards the labour market, hone the skills learned during education, provides their first source of income in most cases and allows them to strengthen their *curriculum vitae* in order to further progress in their future careers. This defining moment however does not go smoothly for many of the Southern European youth. Some of its main causes include the lack of job opportunities, contractual precarity (fixed term contracts, internships, often unpaid, among other) and overall low wages. Furthermore, the effects of the multiple crises previously analysed have also deeply affected the youngest workers, especially when many find their first professional experiences in the crisis-vulnerable sector of tourism, even if it is does not match their area of studies and/or preference. One must also acknowledge the overall unemployment rate as an important indicator of the prospects a country offers their young at a given time. From Graph 1 it is possible to observe lower rates than those of the youth, albeit still with high values. Portugal and Italy, respectively with 6,7% and 7,8%, have the lowest unemployment rates in the region, but these are still higher than the EU average of 5,75%. Even worse are the rates present in Spain (13,1%) and Greece (11,6%), that more than double the EU average. When economies show levels as high as these, the youngest workers, being less experienced, are poised to be the most discriminated against by companies when staff cutting decisions have to be taken and very selective hiring is needed, during times of crises.

Regarding future prospects, salaries must also be pondered. According to the latest data from Eurostat[23], in 2021 there was no exception for Southern European countries: all of them had an annual full-time adjusted average salary lower than the European average. While the EU average annual salary is around €33,5 thousand, the closest salary was Italy's, with €29,9 thousand, followed closely by Spain, with €28,1 thousand. However, deeper differences exist between these two countries and Portugal and Greece, showing much lower values. Portugal stands in third place, in the region, with an average annual salary of €19,3 thousand, while Greece, having the fifth lowest salary in the EU, has only €15,8 thousand. These values are very worrying, not only to populations at large, but particularly to the young, that see their ambitions reduced, when comparing to other richer member states of the Union.

Employment and the consequent salary one receives are the basis of financial autonomy for an aspiring young adult, trying to attain his independence. One of the main steps in this process is, naturally, leaving the parental household. It is one of life's most important steps not only from the personal satisfaction and accomplishment point of view, but also from the perspective of a functioning society. It is after this step that a young adult is ready to start his life, bearing the full weight of adulthood's responsibilities. And more importantly, it is in this phase of one's life that constituting a family becomes a viable aspiration. However, for this natural progression to take place, the youth in Southern Europe still has to wait a considerable amount of time.

As seen in the data provided by Eurostat[24] in Graph 2, there is a very significant gap between the estimated average age of when young people leave their parental households in Southern European countries, and the EU average. And additionally, there is also a gender gap. While the average European young adult leaves his parent's home with 26 years and a half, the Portuguese young adult does the same seven years later, with around 33 years and a half. Portugal is, in fact, the EU member state where young people leave their parent's home the latest. This contrasts with Sweden, for example, where the earliest values are recorded, with the Swedish youth leaving their family's household with 19 years. There are, certainly, cultural differences at play, and these should also be considered when evaluating the values shown below. However, the disparities are striking and clearly indicate Southern European countries have a serious problem in providing their youth promising futures. Regarding the remaining countries, Portugal is followed by Greece, with an estimated average of 30,7 years, and then Italy and Spain with very similar values, respectively with 29,9 and 29,8. Addressing the gender gap in this variable, it is possible to observe that women tend to leave their parental households earlier than men, and according to Eurostat, this gap has shown to be wider in countries where young people leave their family's homes later. Additionally, the study also found that the countries with the highest values in this metric are also more likely to have a lower labour force participation. This is even more worrying, further highlighting the problem of youth unemployment.

Graph 2
Estimated Average Age of Young People Leaving the Parental Household – 2021[25]



Source: Own preparation. Data from: Eurostat (2022)

As previously mentioned, leaving the parental household is a big step for young adults as it is a decisive factor for starting a family. Naturally, while going through this stage later in life as seen in Southern Europe, these countries also tend to show low fertility rates. According to Eurostat data[25], low fertility rates are the norm in the EU, and especially in these four countries. In 2020, the EU average fertility rate was 1,5, while Portugal had 1,4, Greece 1,39, Italy 1,24 and Spain 1,19. All of Southern Europe had lower than average fertility rates, with Spain and Italy having respectively the second and third

lowest values in the Union. In this context it is important to remind that in order to have a stable population with minimal growth in the long term, a country should have a fertility rate of at least 2,1 in order to renovate generations. However, the observed trend is not new. Southern Europe has been verifying fertility rates under 2,1 since the 90s, and in Italy's case, since the 80s. This is a long-term phenomenon that is poised to cause several problems, namely population reduction, the rapid aging of the current population, imbalances in social security systems and the desertification of rural areas – all of these already present in Southern Europe.

Evidently, facing a grim outlook where salaries are low, good job opportunities are scarce and financial independence from the family seems like a distant mirage, many young people in Southern Europe opt for emigration in the hopes of having a better chance at succeeding in life elsewhere. This human capital flight, also referred to as "brain drain", does not affect solely the young, but its effect on a country is the hardest in this demographic. Governments invested many resources in education and public services when the individual was growing up, and when the young adult is ready to start "paying back" the state through fiscal contributions, he chooses to do so in another country, that receives a fully trained young professional with no investment whatsoever made, and a new source of tax revenues. Despite this very negative outcome for the home country, it might still benefit from remittances, and there are also proven gains in productivity due to technology transfers and consequent productivity gains[26]. This positive effect is, however, more present in emerging economies, which is not the case for Southern European countries. Technological differences between Southern Europe and Northern Europe, for example, are not even near as large as when compared with developing countries. Therefore, policymaking in this domain should focus on "keeping the talent at home", providing attractive conditions for highly qualified professionals to effectively stay and develop their professional and family lives in their home country.

In order to capture this phenomenon, the Fund for Peace incorporated in its annual Fragile States Index[27] an innovative indicator. Firstly, this index includes twelve indicators divided in four groups: cohesion, economic, political and social. It seeks to evaluate the fragility of states and is aimed mostly at developing countries. However, one indicator is of particular interest for Southern European countries – the E3: Human Flight and Brain Drain[28]. The E3, as the other indicators, attributes a score between 0 and 10. This metric aims to ponder the "economic impact of human displacement" and it evaluates factors such as professionals and politicians leaving the country, the proportion of highly educated people leaving the country, the return of the middle class, remittances, and the size and impact of the country's diaspora. As this index[29] was conceived to evaluate state fragility, it would be only natural that European countries would not score high levels, and so, only five EU member states score above 5 in this indicator, for example. Out of the four Southern European countries, Greece is the one who scores the highest, with 4,1 points. Greece is followed by Portugal with 3 points, Italy with 2,3 points and finally Spain with one of the lowest values, scored 1,1. For context, the EU average score was 3,2 points, so only Greece and Portugal had above average values, which is worrying. Seemingly, the brain drain is not as big of a problem in Italy and Spain – which is surprising considering Spain, for example, has the highest youth unemployment and total unemployment of the region.

Beyond economic and demographic indicators, the participation of the Youth in decision making and politics is also worrying. There seems to exist an underrepresentation[30] of young people in national parliaments and EU institutions, which coupled with the European aging population contributes to decisions being made often without considering what priorities are supported by the youth. This is also reinforced by the average age of members of parliament, which in Italy, for example, is 51, and in the European Parliament is 49,5. Representation is, evidently, a contributing factor for the apparent disillusionment young people feel towards democracy. According to a study conducted by the University of Cambridge[31] in 2020, global younger generations are more unsatisfied with democracy than past generations at the same age. And even more worryingly, one of the regions where this feeling is the strongest turned out to be precisely Southern Europe. The study mentions this is blamed mostly on economic exclusion originating in previously mentioned factors such as high debt and difficulties in owning a home and starting a family. The lack of memory of the autocratic regimes that ended in these countries and the more recent populist politics are also mentioned as factors, with young people being particularly permeable to the polarisation of politics and society.

Youth disengagement from society is a serious risk[32] that can threaten the quality of our democracies, political and social stability, as well as individual factors such as mental health, which in turn can have consequences on productivity and quality of life. This phenomenon is a risk that must be addressed with policies directed at its core sources. The youth, in

Southern Europe in particular but also at the wider EU level, should feel that their voices are heard, that their choices bear consequences and that a prosperous future is indeed possible. If not, not only the economic prosperity of countries will be at stake from the previously analysed consequences, but also the nature of democratic regimes. Democratic erosion is also a consequence of the disbelief in the political system and its institutions, and if the youngest generations are the first to cast doubt on them, democracies will suffer from the long-term consequences.

2022 was an especially important year for youth in Europe, as the European Union developed the European Year of Youth[33]. This initiative was developed during all of 2022 and aimed to highlight the importance of the European role on the construction of a green, inclusive and digital future. It included many activities and initiatives dedicated specially to the youth in all member states, it highlighted what is the EU doing specifically for the youth and conducted a number of opinion studies[34] on what are the priorities for the European youth and how can they feel more represented. The results are indeed interesting. Firstly, it was surprisingly recorded that a majority of young people (58%) were active in societies and youth organisations, which was a 17% increase from the values verified in 2019. In second, the war in Ukraine was reflected on the answers given by the European youth, with 37% highlighting that preserving peace and reinforcing international security was the main priority that the EU should uphold. The other most voted priorities were increasing job opportunities for young people (33%), fighting poverty and social inequalities (32%) and promoting environmentally friendly policies (31%). However, some difference can be identified with the answers given by the Southern European youth. In Portugal[35], Spain[36] and Italy[37] the main priority chosen was "increasing job opportunities for young people", with 42%, 42% and 41% respectively. In Greece[38] this was the second most voted priority, with 45%, but ultimately beaten by "fighting poverty and economic and social inequalities", which gathered a support of 46%. These differences in the order of priorities is telling of the realities faced by the youth in Southern Europe, with socioeconomic challenges prevailing over other very relevant agendas, like the preservation of peace and the fight against climate change. All mentioned results can be seen in the Annexes III and IV.

All considering, policies directed to the youth should be an absolute priority for Southern Europe. The younger generations are evidently struggling in these countries, and if no action is taken to ease the burdens they must carry in establishing their independent lives, this European region will continue to suffer population decline, rapid aging, low economic growth and an increasing disillusionment with political institutions.

2.3. – Outlying Challenges for the Future

Despite the highlight on economic growth and the youth being some of the most important challenges faced by Southern European economies, they are far from being the only ones faced. Regrettably, economic challenges are plenty in Southern Europe, and they mostly originate in complex, wide-ranging dynamics. Recognizing the importance of other obstacles, a brief feature of three other outlying challenges will be done. These will also be some of the most important preoccupations stakeholders will consider when thinking about the short, medium, and long term of political and economic scenarios in Southern Europe, and their presence in political agendas will become unavoidable.

The first of these other challenges is the ever-looming threat of debt. Debt has been an adversity for Southern European economies since the last financial crisis. The region was the most affected in Europe, with deep social and economic impacts. However, despite having the problem seemingly faded away in most political agendas, it still exists. The burden of debt in the region is a very real problem, having the Covid-19 pandemic been the latest reminder of it. Fortunately, the development of a European collective and supportive answer through the means of the Next Generation EU funds was able to address the economic shortcomings of EU economies.

According to the latest Eurostat report[39] on the third quarter of 2022, these four countries have the largest government debt to GDP ratios in the EU. In first place, Greece stands with 178,2%, followed by Italy with 147,3%, Portugal with 120,1% and Spain with 115,6%. These values worrying, especially when comparing to the EU average of 85,1%, or even the slightly higher Euro Area average of 93%. Even if what determines that a certain amount of debt is sustainable, among other things, is the country's ability to sustain it, relying on this ability is not always a prudent strategy, as it might prove dependent on global economic circumstances. Even if the mentioned report also states that there have been significant progresses in

relation to the previous quarter, namely in Greece and Portugal, a continuation of debt reduction efforts is advised in order to safeguard long term economic growth and resilience against crises.

These preoccupations have already been reflected in the Council's country-specific recommendations for all four Southern European countries. The implementation of their respective RRPs already takes this into consideration and future political and economic growth strategies should also incorporate debt reduction as a priority. This would not only ease budgetary pressure from reducing interest payments and country-risks, but also safeguard the countries' financial situations should there be another financial crisis. This macroeconomic preoccupation also has microeconomic implications, as businesses would also benefit from government debt reduction efforts. With less debt, governments would be able to increase public investment, perhaps reduce the fiscal burden on businesses and individuals, allowing for more economic activity. With a positive economic dynamic and less debt, lending again would also become less risky, allowing businesses to access credit more easily. In turn, such a succession of events would also enhance country competitiveness. Additionally, debt reduction also progressively reduces total debt servicing costs, thereby allowing more fiscal space in public finances. Interest payments depend on the type of loan made, but generally float according to the credit risk outlook of the observed country, and less debt in more challenging times means that the country will not be punished as hard by interest rates rises.

One very important outlying challenge, affecting not only Southern Europe but also the entire world, is the current microchip shortage. This is a multifaceted crisis, with economical, technological, political, and logistical layers that has been a hurdle to many economies, especially the most advanced ones, more reliant in tech-intensive goods. Sectors such as the car industry, appliances, electronics, and other equipment were among the most affected. Starting with the Covid-19 pandemic[40] and its consequent surge in demand for computers due to online schooling and working from home, the crisis was also exacerbated by other factors such as the implementation of new technology such as 5G, the trade war between China and the USA and lockdowns shutting down industrial production.

In the face of this crisis, EU Commission president Ursula Von Der Leyen presented in her 2021 state of the union speech, the EU's strategy for chip manufacturing, which resulted in the EU Chips Act[41]. This regulation aims to tackle the Union's dependency on foreign microchips by doubling the EU's global market share from 10% in 2022 to 20% in 2030, as demand is also expected to double in the same period. The policy will provide €43 billion in funding for detailed measures under this objective until 2030 and is currently under the ordinary legislative procedure. Despite this policy still being far from implementation in the member-states, the countries have already been stepping up coordination efforts in line with the regulation. In particular, Southern European countries have been developing national efforts to increase their role in this ever-important sector.

In Spain, the government announced[42] €12 billion in funding for the installation of a microchip factory in the country, of which €9 billion will be directed to the construction of the facility. This measure is funded by the Spanish RRP[43] and expects to attract private investment, bringing one of two factories to the country, as is expected by government officials, and will also contribute to R&D operations in the sector and further funding for Spanish start-ups. In Italy, the American chipmaker Intel has announced in 2022[44] the construction of a microchip factory in the country in a €4,5 billion investment that will create a total of five thousand direct and indirect jobs. Even though this investment was planned in cooperation with the Draghi government, Giorgia Meloni has committed[45] herself to the project's success and plans further negotiations with Intel to facilitate the investment. Portugal has also been scouted[46] by another American semiconductor producer, Qualcomm, which is conducting an early-stage market entry study in the country, meeting with the government and local officials. In this matter, Portugal has recently signed an understanding memorandum[47] with Spain, with both governments committing themselves to support the development of new semiconductors through innovation through a common strategy, collaborative projects and a new R&D centre for microchip innovation, funded by both countries. Finally, while not having large projects in the sector, Greece still is contributing to this European goal. A total of 15 Greek companies[48], that employ more than 500 people, produce microchips electronic devices, such as smartwatches, and one is planning the installation of an R&D centre in the country in an attempt to further develop the segment in the country and fight against the Greek brain drain.

Another important factor to consider in the light of challenges, opportunities, and the implementation of the RRF is, inevitably, the influence of politics. 2023 will be a politically important year for Southern Europe as elections loom in Spain and Greece, while Italy's far right government will continue to be tested and the Portuguese government's absolute majority might not prove immune to political scandals.

In Spain, the implementation of the national RRP will be an element of Pedro Sanchez's legacy that will be put to test in late 2023, especially when considering the uneven fund allocation for this year. The current government is behind the centre-right PP in current polls[49], and as recent years fragmented the Spanish political system, coalitions between traditional centrist parties and the far left and far right are an ever-present possibility. Political extremism often causes political stability and has shown confrontation potential with European institutions, thus becoming a threat to the implementation of medium-term plans such as the RRP.

Greece's summer election paradigm might also change the political landscape. Recent polls[50] give the current centre-right government a lead, but the far-left Syriza still shows strong voting intentions. Should there be a government change, despite it being unlikely, it is highly probable the Greek plan will suffer changes.

In Italy, such changes are a current possibility. Italy's far-right Giorgia Meloni has repeatedly stated[51] that Italy's RRP should be revised, promising hard and lengthy negotiations with the Commission that might delay the funding implementation and even limit Italy's capacity to seize the full available resources. Possible changes, however, will not substantially alter the RRP's content, as according to the Commission[51], these can only be done when redirecting funds to projects such as those under REPowerEU objectives.

Meanwhile, in Portugal the current government enjoys an absolute majority since the beginning of 2022. However, recent political scandals have eroded political stability, with 13 government resignations over a nine-month period[52]. Additionally, more recently the president of the Portuguese National Innovation Agency (ANI) – responsible for funding applications and some programs under the Portuguese RRP – resigned[53], citing the lack of government communication and involvement in the Agency's responsibilities, claiming that there were not enough conditions for her to carry out her duties. These resignations have spurred talks of an early ending for the government if the President evaluates the political scenario as being unsustainable. Despite unlikely, there is political precedent for such a move, having President Jorge Sampaio dissolved Pedro Santana Lope's majority government[54] in 2004.

3.Opportunities

3.1. Renewable Energy

There has long been a consensus on the effects of global warming, and the need for concentrated efforts in the fight against climate change is ever more in the global agenda. This is also the case in the European Union and the Southern European region, where much progress has been made in the last years in this regard. It is no secret that the future in the energy sector lies in renewables, despite technological advances still being needed. No matter the source, renewable energies are a development priority for all developed countries and many, such as those in the European Union, have already established targets until where greenhouse gases emissions should be cut, carbon neutrality achieved, and renewable energies utilised. As can be seen in Table 2, according to Eurostat[55], the last decade has shown considerable progress for Southern Europe in the adoption of renewable energy. Between 2010 and 2021, Portugal increased its energy from renewable sources 9,9%, Spain 6,9%, Italy 6% and Greece 11,8%. Portugal and Greece boasted the best performances in the progress made during this time period, also guaranteeing them the highest absolute values in Southern Europe in 2021, with a special emphasis in the Portuguese case, as the country shows a large difference from the second place – it is separated by 12,1% from Greece. This makes Portugal a European leader in green energy production – the 7th largest in the Union, in the national share of energy from renewable sources as a percentage of gross final energy consumption. This also makes Portugal one of the seven countries where more than a third of their energy comes from green energy, the rest being Denmark, Estonia, Latvia, Austria, Finland and Sweden.

Table 2
Share of Energy from Renewable Sources by Country, 2010-2021[55]

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Portugal	24,1	24,6	24,6	25,7	29,5	30,5	30,9	30,6	30,2	30,6	34,0	34,0
Spain	13,8	13,2	14,2	15,1	15,9	16,2	17,0	17,1	17,0	17,9	21,2	20,7
Italy	13,0	12,9	15,4	16,7	17,1	17,5	17,4	18,3	17,8	18,2	20,4	19,0
Greece	10,1	11,2	13,7	15,3	15,7	15,7	15,4	17,3	18,0	19,6	21,7	21,9
EU Total	14,4	14,5	16,0	16,7	17,4	17,8	18,0	18,4	19,1	19,9	22,0	21,8
EU Average	16,4	16,9	18,1	19,0	19,8	20,3	20,4	20,9	21,5	22,4	24,4	24,5

Source: Own Preparation. Data from Eurostat (2023) Note: (% of gross final energy consumption)

However, it is also important to state that Southern Europe is lagging behind when compared against the EU in total and the EU average. Regarding total EU renewable energy production, only Portugal and Greece (barely) have superior values, and faced against the EU average of 24,5%, only Portugal managed to show a higher percentage in 2021. This clearly indicates that green energy production should be increased in Southern Europe in general so that the region can keep up with the rest of the Union and meet its' legally binding targets. This can be done by improving on the already existing renewable energy sources in these countries, which are, mainly, wind, hydroelectric and solar, as can be seen in Table 3. Additionally, smaller sources such as geothermal and tidal can also take larger roles in some cases, depending on local conditions. It is also important to mention that biomass, despite currently being considered a renewable energy source, faces the possibility to see it's status changed in the future as European institutions crack down on deforestation and the production of energy through the combustion of primary biomass.

Table 3

Renewable Energy Mix by Country (2021)[56;57;58;59]

	Renewable Energy Sources by Country (2021)										
	Wind		**Hydroelectric**		**Solar**		**Geothermal**		**Tidal**		**Total**
Country	*GWh*	*%*	*GWh*	*%*	*GWh*	*%*	*GWh*	*%*	*GWh*	*%*	*GWh*
Portugal	13273	45,42%	13397	45,85%	2196	7,51%	178	0,61%	-	-	29222
Spain	62229	51,07%	32847	26,96%	26759	21,96%	-	-	19	0,02%	121854
Italy	20789	19,90%	46831	44,83%	25039	23,97%	5897	5,65%	-	-	104453
Greece	10483	48,63%	5967	27,68%	5106	23,69%	-	-	-	-	21556

Source: Own Preparation. Data from IEA (2022)
Note 1: Solar energy includes both photovoltaic and thermal Note 2: Only non-combustible renewable sources were included

Data from the International Energy Agency[56;57;58;59] on the renewable energy mix of the four Southern European countries in 2021 shows which areas have been prioritized in the last decade. Firstly, Spain and Italy are by far the largest regional renewable energy producers, with wind being the main source in Spain, while in Italy hydroelectric takes the first place. It is also important to notice that Italy is the only country in the region where geothermal energy plays a relevant role in the renewable energy mix, with a 5,65% share, while not producing substantial amounts of energy in Greece and Spain, and only 0,6% in Portugal. Tidal energy does not produce significant amounts either, with only Spain registering a very weak 0,02%.

It is also possible to identify recent trends in Southern Europe. In Portugal, wind energy has been rising to the point of matching the already strong and established hydroelectric sector, while a very recent sharp and consistent rise in solar energy has started from 2018 onward. In Spain, regarding solar energy (photovoltaic) an identical trend to Portugal's can be found starting in 2019, and the same can be said about wind, starting in 2017, after a downward that started in 2013. In Italy both solar and wind have been rising since the beginning of the last decade, however, no sharp trends can be identified. Geothermal and hydroelectric have also maintained relatively stable. Finally, in Greece there is a very strong trend of increase in wind energy, which rose almost four-fold since 2010, becoming the country's largest renewable. Solar energy also saw a sharp increase between 2010 and 2013, increasing only slightly until the current day. Hydroelectric energy showed similar movements in all four countries, with strong annual volatility but with stable long-term trends. According to Eurostat[55], these energy mixes are similar to the EU's own total make up. In 2021, wind was the largest renewable energy source, with 37,5%, followed by hydroelectric power with 32,1%, solar with 15,1%, biomass with 7,4% and other sources with 7,9%.

Southern Europe has indeed strong potential for renewable energies. Geography favours the region, giving these four countries access to more hours of daily sunlight than their northern neighbours, rivers where dams can be built, good wind conditions and areas with geothermal heating potential, in Italy's case. Therefore, Southern Europe should seize the renewable energy boom that is predicted for the next few years and position itself at the front of the fight against climate change. However, besides the highlighted national capacities, this fight and the energetic transition will also be fought in the European stage. In fact, European climate policy is ever more ambitious and will play a key role in making European economies greener and achieving the Union's climate targets.

In December 2019, the European Commission announced the European Green Deal[60;61;62], which had as its main goal achieving carbon neutrality in the EU by 2050 through comprehensive changes across all economic sectors, be it energy, transportation and everyday life needs. Additionally, the EU Green Deal also aims do decouple economic growth from resource use and make this holistic transformation inclusive so that no region or person does not benefit from it. It will be funded by approximately one third of the Next Generation EU funds and by the European seven-year Multiannual Financial Framework. The Green Deal is not a specific and directed policy. It should be seen as a macro-strategy, including several areas of action, which in turn feature their own specific policies. This strategy if therefore wide-ranging, having as policy

areas the following: climate, energy, industry, buildings, pollution, biodiversity, food, transportation, regional development and R&D. Among these, climate action, green energy and sustainable industry are the most important, within the perspective of increasing renewable energy output and seizing outlying opportunities in this domain.

However, in order to guarantee the accomplishment of the EU's climate agenda up until 2050, the European Commission deemed necessary additional measures under the Green Deal so that considerable progress would be achieved at an intermediate deadline. In this context, and under the climate action policy area, the Commission proposed the Fit For 55 legislative package[63]. Beyond the many policies it includes, the Fit For 55 acts as a climate law that institutes a binding target of achieving a 55% reduction in CO_2 emissions until 2030, compared to 2019 levels. Thus, as its main objectives[64] it aims to guarantee a socially fair transition, strengthen the innovation and competitiveness of EU industry and lead the way in the global fight against climate change. Under this legislative package, some policies are of particular importance, these being the CBAM and ETS reform, which will be covered later, the Renewable Energy Directive reform, ReFuelEU Aviation and FuelEU Maritime – two new pioneering policies areas aiming to decarbonize the transportation sector.

Firstly, the Renewable Energy Directive (RED III)[65;66] reform – the third iteration of this directive – is of great importance for EU member states, mainly because it fixes a legally binding target of 40% usage of renewable energies by 2030. RED III also includes other measures, such as streamlining renewables projects, licensing, cross-border projects and collective purchase agreements, new sectoral renewables targets, and tightening the sustainability criteria for the use and accounting of biomass. This last point is particularly important because it would limit from where biomass can be extracted and what type of inputs can be used for this renewable energy source, in efforts to preserve primary forests, biodiversity and soil quality. Additionally, biomass production will no longer be able to benefit from government subsidies and there will be a phase-out of its accounting for environmental targets, as defended by the EU Parliament, with some in this institution going as far as defending that biomass should be outright removed as counting as a renewable energy source. This directive is still going through its political process in EU institutions, but changes are expected to apply from 2026 onward.

However, changes to the legislation during this process are not expected to be final. In the context of Russia's invasion of Ukraine, the EU launched the REPowerEU Plan. According to this Plan, "*the new geopolitical and energy market realities*"[67] required the EU to both intensify the transition towards green energies, and to achieve energy independence from Russian gas and oil. The main feature brought by this new initiative was an amendment to the RED III target of 40% usage of renewable energy to 45%. Additionally, REPowerEU also promoted behavioural changes in the light of energy savings, created contingency measures in the case of supply interruptions, encouraged EU countries to fully stock their gas storages, facilitated the collective purchase of gas, LNG and hydrogen. Regarding the withdrawal from Russian energy sources, the Plan also promoted the increase of purchased energy from Canada, the USA and Norway, strengthened energy cooperation with Azerbaijan and increased energy supplies from countries such as Egypt, Israel and Qatar. Ultimately, this plan aims to end Russian energy dependence, and since this initiative was presented in May 2022, much progress has been made. Between the second and third quarters of 2022, Russia's share of EU energy imports fell more than 10%, from 25,5% to 15,1%, according to Eurostat[68]. This tendency should increase in the following years, as the war grows ever uncertain, and the production of renewable energies is to benefit from this effort. Considering this Plan, EU policymakers[69] have also proceeded to incorporate REPowerEU provisions in a new version of RED (IV) which is currently going through the normal political procedures in EU institutions.

Beyond regular energy supply, other opportunities in renewables will also be provided by recent tendencies. Both aviation and maritime transport are sectors difficult to decarbonize due to their specific characteristics. In this context, the EU is also taking its role in incentivizing the production of sustainable fuels for both transportations, helping the process from its beginning, as sustainable fuels are still far from being produced in large enough quantities.

Firstly, the aviation sector will be targeted by the ReFuelEU Aviation[70] policy, which aims to cut CO_2 emissions through the introduction of Sustainable Aviation Fuels (SAF). The Commission's proposal includes the gradual increase of mandatory SAF content in the fuel makeup sold by suppliers, EU airports will be required to have the necessary infrastructure for the supply of SAFs and airlines that depart from EU airports will have to fill the planes with only the necessary fuel for the flight and increase the use of sustainable fuels. The mandatory SAF content in fuels will increase every five years up until 2050,

where it will reach a 28% mandatory threshold. As of December 2022, ReFuelEU Aviation is still going through the European legislative process and changes are possible in the policy content.

In second, maritime transport will also benefit from a policy parallel to that of the aviation sector. The FuelEU Maritime[71] policy will have two main pillars: firstly, it will limit the greenhouse gas intensity of energy used by ships, and in second, it will make docked ships in member-states to use on-shore power supply or zero-emission technologies. The intensity of greenhouse gases requirement will increasingly strict, further increasing over time until a 75% cut is reached in 2050. As for the on-shore power supply usage, it will be mandatory for all freight and passenger ships in EU ports from 2030. Failure to comply[72] with these measures will result in fines and collected funds will be directed to the production of renewable maritime fuels through the EU Innovation Fund.

More recently, the advent of a new initiative in the has also enhanced the prospects for European industry. At the World Economic Forum in Davos, January 2023, EU Commission President Ursula von Der Leyen announced the Green Deal Industrial Plan[73;74]. This was in response to Joe Biden's Inflation Reduction Act (IRA) which plan economic aid for businesses totalling $369 billion, giving incentives for the relocation of European industries. This measure is intended to enhance the competitiveness of European green industries and technologies through bureaucratic simplification and government subsidies. In particular, this Industrial Plan is directed at the production of facilities and equipment related to wind and solar energies, het pumps, clean hydrogen, electrolysers, batteries and carbon capture and storage – the so-called *net-zero technologies*. According to the Commission's proposal, this policy is based on four pillars[75], each containing specific objectives and targeted policies. The first one, is the construction of a simpler regulatory framework, aiming to speed up project installations and access do strategic materials, with the help of the Net-Zero Industry Act and the Critical Raw Materials Act. The second pillar is aimed at speeding up access to funding for green technologies through the increase of resources in funds such as the RRF, REPowerEU, Invest EU and the Innovation Fund, and the simplification of aid mechanisms and the relaxation of subsidy attributions from national governments. The third pillar is dedicated to skill development and will benefit from the creation of "Net-Zero Industry Academies", strengthening the European labour market. And finally, the fourth pillar is based on sourcing diversification, strengthening energy trading partnerships with countries such as Azerbaijan, Egypt, Israel and Qatar, and increasing supplies from others such as the USA, Canada and Norway.

The creation of a "European Sovereignty Fund" was also previewed by the Commission to fund some projects, but it is poised to face strong opposition from the more frugal member- states. In the meantime, subsidies and funding increases will have to be funded by member- states. In the proposed "Temporary State Aid Crisis and Transition Framework", EU countries will be able to match subsidies given by non-EU countries, with support limited according to the member-state's GDP related to the Union average. This mechanism will benefit Southern Europe, allowing countries to retain businesses related to the production of renewable energies that are being lured by other competitors.

Even though this Green Deal Industrial Plan is not yet in effect, European green energy producers can expect much better conditions and interest in the scaling of their production in the following years, benefiting from a vested interest from European institutions in the light of both the ambition of the Union's environmental targets, and the strategic rationale of ending Russian energy dependence. This policy along with the others mentioned, coupled with Southern Europe's potential for green energy production, will yield great results for the region and for the Union. In 2023, fossil fuel consumption is already expected to fall by 20% in the EU[76], according to Ember, reflecting the need to divert from Russia's energy and its consequent substitution by a surge in renewable energy production. Renewable energy presents significant economic prospects, creating highly skilled jobs, improving the environment and guaranteeing geopolitical independence. This is a domain with countless opportunities for the near future, and now is the time to reflect, and act on how to seize them.

3.2. – Free Trade

Trade is a very important economic activity, essentially assuring the functioning of the global economy. Globalization rendered autarky obsolete, and countries compete internationally to attract investment and sell their goods and services to the world. In fact, trade is at the core of the EU's birth, and the single market still stands as one of its main achievements. However, the European market is not enough to satisfy the member-state's productive capacities, and other markets with

millions of consumers and their own businesses are also on the pursuit of prosperity. This organization of human societies has made trade an excellent economic opportunity for centuries past and shall continue to do so for centuries to come.

In particular, for Southern Europe, trade represents very large parts of the countries' economies. According to the World Bank[77], the latest data, from 2021, shows that exports of goods and services as a share of GDP in Portugal is 41,6%, in Spain is 34,9%, in Italy is 32,7% and in Greece is 40,9%. These values highlight the importance of foreign markets for Southern European economies, but also show that in comparison to the EU average, which is 50,4%, they are still lacking, with these four countries standing below, and their average being 37,5%. However, it must be said all of these countries follow long, positive trends of increases in this variable, only dropping during major economic crises, such as in 2009 and 2020. Even so, more efforts to boost exports will yield further good results and Southern Europe should strive for more convergence with European values such as this one.

Nevertheless, increasing exports will always be dependent on European policy, as it is one of the EU's responsibilities to manage the internal market, the customs union and preferential access to other markets around the world. Currently, the EU has in force, either fully or partially and with different levels of intensity, a total of 78 trade agreements[78]. This means that further adding up the 27 EU member states would sum a total of 105 nations in which EU countries have some degree of special trade conditions, giving them privileged access to 54% of the world's markets. Additionally, there are still a total of 25 trade agreements between the EU and other countries that despite having concluded the respective negotiations, are still waiting for their adoption and/or ratification. Another 23 agreements whose negotiations have been temporarily paused. However, attentions should be directed to some of the most promising deals, which are the ones that are currently under negotiation processes. These are a total of 5, namely with Australia, China, India, Indonesia and the Philippines. These constitute some of the largest markets in the world and clearly confirm that the Asia-Pacific region will continue to be one of the world's most promising economic regions in the foreseeable future.

Table 4
EU Trade Partners in Negotiations and Mercosur[79;80;81;82;83;84;85;86;87;88]

	EU Trade Partners in Negotiations and Mercosur						
	Population (M)	**GDP (M$)**	**Total Trade (%)**	**Total Trade (M€)**	**EU Exports (M€)**	**EU Imports (M€)**	**Trade Balance (M€)**
Australia	25,68	1550	1,10%	57648	44922	12727	32195
China	1410	17730	12,30%	665951	249746	416206	-166460
India	1410	3180	1,80%	95554	45259	50295	-5036
Indonesia	273,75	1190	0,50%	26392	11723	14669	-2946
Philippines	113,88	394,09	0,30%	16825	7839	8986	1148
TOTAL	3233,31	24044,1	16,00%	862370	359489	502883	-141099
Mercosur	270,24	1747,05	1,70%	93582	52711	40871	11840

Source: Own Preparation with data from: European Commission (2022) and World Bank (2023) Note #1: All trade data refers to Goods and Services.
Note #2: Population and GDP refer to 2021 while the other data refers to 2020.

As observed in Table 4, the EU's trade partners currently in negotiations for trade agreements constitute a large portion of the EU's total trade activities (16%), whose marketplaces cover 3,23 billion people and a total GDP of over $24 trillion. However, one must also highlight the fact that the total trade balance for the five countries is overwhelmingly negative, whit a net loss of €141 billion for the EU. This only reinforces the argument for more trade facilitation with these specific partners, especially regarding market access and the promotion of European exports.

Firstly, with Australia the EU aims[89] to remove trade barriers and help SMEs to export more to this country, establish a level playing field with other competitors, protect EU products with geographical indications and introduce EU businesses to the Australian public procurement system. Negotiations started in May 2018 and are still ongoing. The Chinese trade

deal[90] finished negotiations in the end of 2020 and seeks to facilitate European investments in China and guaranteeing a fairer treatment for businesses. However, the deal still lacks ratification and faces the strain in relations between China and western nations, mainly due to controversial economic competition and human rights violations in Xinjiang. These issues have stalled the deal's entry into force and political difficulties risk its viability. Regarding India's deal[91], the EU wants to remove trade barriers, clear access to public procurement for European businesses in India, protect European regional products and European investments, and guarantee the enforceability of said goals. Negotiations have restarted in June 2022 and success would mean one the world's largest economic partnerships. Finally, the trade negotiations with Indonesia[92] and the Philippines[93] are part of a larger plan to, eventually, produce a regional and comprehensive trade deal with ASEAN, celebrating the partnership between the world's largest economic blocks. Similar negotiations have already been started with Thailand and Malaysia, despite these being currently on hold, and other have already succeeded, namely with Vietnam and Singapore. The main pillars for these deals are trade promotion, sustainable development and market access.

Additionally, one other case is worth highlighting – the trade deal with Mercosur[94]. On the 28th of June 2019, a political agreement was reached, and negotiations were officially concluded by June 2020. However, further hurdles limit the deal's potential and entry into force. Problems such as the lack of European trust regarding environmental commitments made by Brazil's then President Bolsonaro, the political support for protectionist policies in Argentina and Uruguay's rebellion against Mercosur's lack of exterior ambition were some of the main obstacles on the Latin American side. Due to these difficulties, among others, several European countries have officially expressed their opposition to the signature of the deal, thereby frustrating hopes of any progress in the short term. This deal[95] would protect European regional products, guarantee the enforcement of European food safety standards, guarantee the implementation of the Paris Climate Agreement and save European businesses a total of €4 billion per year in tariffs, mainly benefitting European industry and Mercosur's agri-food sector. However, with the recent political turn in Brazil, electing former president Lula da Silva, there is a chance the regional bloc might attempt to solve current difficulties. On a recent meeting[96] with Uruguay's president Lacalle Pou, Lula has committed to the review of the Mercosur trade agreement as well as to the Uruguayan pretentions of a trade deal with China. Even hope is created around solutions for Mercosur's internal problems, it is not expected they will be resolved anytime soon.

Despite these agreements differing on the degree of cooperation and ease of access to their respective markets, each one is an important opportunity to expand the consumer base for European businesses.

As previously observed, trade is overwhelmingly under the mandate of the EU. However, EU responsibilities in trade go beyond the common market and trade deals. EU policymaking in other areas, such as climate change and supply chain management are also going to play their part in the future of trade in the Union. In this context, the Carbon Border Adjustment Mechanism[97], also known as CBAM, is exemplary in showing how climate policy will impact trade and the decarbonization of the world.

This policy was proposed initially by the European Commission on the 14th of July 2021 under the scope of the Fit For 55 Legislative Package, part of the Green Deal, thus contributing to the achievement of a 55% reduction of CO_2 emissions by 2030. The CBAM is aimed at the risk of carbon leakage[98], which is the relocation of polluting industries as a result of environmental regulation arbitrage. This dynamic undermines European climate efforts as companies might just prefer to move their factories away from environmentally demanding business environments such as the ones found in Europe, instead of complying with stipulated regulatory demands. Thus, this is a phenomenon worth combating in the interest of policy efficacy, both environmental and economic, and the CBAM will fight it by attempting to make the carbon price equal between domestic and imported products through the emissions reporting and the purchase of certificates that will revert to the EU's budget.

As the CBAM will have a wide-ranging impact[99], businesses should start preparing their compliance with the mechanism's new requirements. Under it, EU importers will have to purchase CBAM certificates from a centralized authority under the responsibility of the EU Commission correspondent to the price of carbon that would have been paid if the imported good would have been produced under the EU's carbon pricing laws. However, if the non-EU producer of said goods can prove that a price was paid for the carbon emissions incurred from the product's production, this value can be fully deducted for

the EU importer. In order not to simply impair trade, the CBAM will also introduce a reconciliation instrument by which the importer can use standard values as a reference for the purchase of certificates in case the carbon emissions data cannot be provided by the producer at the time of purchase. Afterwards, when this data is available, the importer can submit the correct number of certificates.

By October 2023, the CBAM will start its transition phase, all the way until the end of 2025. During this phase, only the reporting requirements will be demanded to importers, with communications systems for third parties and a reassessment of the mechanism's function by the end of the transition. However, this system is not an horizontal policy, at least for now. According to the political agreement reached[100;101] in December 2022 after the Trilogue meetings, the CBAM for now will only apply to iron, steel, cement, aluminium, fertilizers, electricity, hydrogen, some upstream and downstream products, and some indirect emission under certain circumstances. Nonetheless, it was also stated that the final objective of the CBAM[102] was to encompass all sectors that are under the European Emissions Trading System (ETS) by 2030, including chemicals, polymers, glass, ceramics, pulp and paper, etc. This ambition significantly escalates CBAM's future impact as well as its importance for stakeholders while increasing the effects it can produce in global decarbonization processes.

In fact, the CBAM is a *de jure* environmental policy that can also be viewed, *de facto,* as a protectionist trade policy, as it taxes imports. However, these tariffs only apply to those imports that do not pay for their carbon emissions on a similar level as the EU, thus making its application selective and avoidable for compliant goods. During the policy formulation and negotiations the compatibility of the CBAM with World Trade Organization laws was a key issue[103], but this matter was solved by the reforms also carried out in the ETS. This reform will also make key changes in the system, not only with further emissions cuts on previous targets until 2030 but also with the very significant phase out of free emissions licenses[104;105] allocated through the ETS. This phase-out will be parallel to the CBAM's phase-in, starting in 2026 and fully ending the free licenses until 2034.

Even if studies show[106] that the CBAM will be effective in reducing the risk of carbon leakage and indirect emissions, some negative effects should also be mentioned. There is, evidently, a regulatory and bureaucratic burden that will fall upon the importers, on top of the certificates that they will be required to purchase. The importer will have to report carbon emissions data, fill in forms that will be audited by third parties, submit them to the CBAM authority and go through special procedures if a carbon price was already paid by the exporter. The overall effects of the CBAM will result in a loss of competitiveness for European companies in foreign markets in the medium-short term, as they will be subjected to more demanding environmental requirements than other non-EU producers. Furthermore, as the initial implementation covers mostly industrial goods, price increases are probable to be felt along the supply chains. Even if the EU guarantees the CBAM will have a minimal impact on trade while providing significant environmental benefits, the policy has been criticised by being aimed against developing countries. Despite this, countries like Turkey and Bosnia have already implemented stricter environmental policies, which is a positive step.

According to the Boston Consulting Group[107], if the CBAM is effectively implemented and has success has a policy, it has the capability to "redefine competitive advantage". This statement perfectly describes the policy's essence. If the incentive mechanisms laid-out in the CBAM act correctly, not only the EU's decarbonization efforts will not be undermined by the relocation of polluting industries, but also other countries, namely emerging economies and developing countries, will have their own set of incentives to implement stricter environmental policies and tax carbon emissions, in order for their exports to remain competitive in European markets. Businesses with smaller carbon footprints would also become more competitive, thus allowing CBAM to contribute to changes towards more responsible consumer behaviour. The CBAM is a clear case of how the EU is leading by example in the fight against climate change and in responsible and sustainable trade.

Additionally, the pandemic has proved supply chain management as an essential priority, making it a worthy policy target for the Covid-19 recovery. This spurred the proposal of the Single Market Emergency Instrument[108] (SMEI) by the European Commission in February 2021, inspired by the US Defense Production Act, which was introduced during the Korean War in order to guarantee the supply and allocation of strategic materials. Among the SMEI's objectives[109] are the readiness and faster responses to crises such as the Covid-19 pandemic or the war in Ukraine, safeguarding the continuity of the free

movement of goods in the internal market and guaranteeing the availability of strategic goods in context of supply chain disruptions.

In the light of its proposed objectives, the Commission proposes the establishment of a three-level framework[110] that would be progressively activated in the event of a major crisis. The first level would be the Contingency level, where member states would develop their own crisis protocols, cooperating and exchanging information with EU institutions and other members. Contingency would then, provided a threat to the supply of strategic goods was identified, escalate to the Vigilance level. In this second level, member-states would start the monitoring of supply chains of goods identified as strategically important by the Commission, report to the Commission information of national reserves of said goods and comply with stockpiling targets then defined by the Commission. Finally, the third and last level of the SMEI would be the Emergency[111], activated in the event of a profoundly impacting crisis that would disrupt the free movement and supply chains in the internal market. In this level, member states would be compelled to guarantee the freedom of movement of people, goods and services, thus being unable to block internal trade. This regime would also benefit public procurement through simplified procedures the Commission would also be able to force businesses to accept and prioritize production orders from for critical goods, and non-compliance would be met with the need for justifications and/or heavy fines. One must note however that the Emergency level would only be activated with the approval and request of both the Commission and the Council, guaranteeing that the interests of the member-states are safeguarded and that the Commission's powers are checked.

This policy is still pending the appreciation and presentation of the Council's and Parliament's opinions so that negotiations can begin, but it has already proven controversial. The powers and mechanisms laid-out in the proposal are unprecedented in the Union and several member-states have already expressed their worries[112]. With the political process still in its beginning, it is hard to say how the SMEI will affect trade, but it is expected that it will strengthen the single market's resilience to crises. Even if these measures will only be applied in the case of major impacts on the supply chains and trade disruptions, it still a very important factor do consider in logistics, trade and supply management planning.

All considering, the EU's trade policy is largely proactive, and several trade deals are lined-up for success. Notwithstanding, further achievements depend on additional efforts and the resolution of mainly political issues. One can also expect European policy in other adjacent domains such as the environment and supply chain management to progressively influence trade, confirming the fact that for the European Union, in the present day, trade is much more than the simple exchange of goods and services.

4.Next Generation EU Plans

4.1. The Recovery and Resilience Facility

Following Covid-19's devastating impact on the European economies, and in an effort to better coordinate responses inside the Union in face of such crises, it was decided that the economic recovery would benefit from a collective response. Accordingly, the European council approved the EU regulation 2020/2094[113], on the 14th of December 2020, which established the creation of a "European Union Recovery Instrument". In this regulation, under the second paragraph of Article 1, the Instrument would have a mandate to pursue a wide range of objectives. This would include job-creating measures, reforms and investments towards sustainable growth and European cohesion, supporting businesses, innovation, and research activities, increasing the Union's resilience through the purchase of medical equipment and construction of infrastructures, creating a just economic transition towards carbon neutrality, and supporting agriculture and rural development. With these objectives, the EU proceeded to elaborate what would become the Next Generation EU plan – a wide response not only against the economic impacts of the pandemic, but also a tool to modernize and make the European economies more digital and sustainable.

This wide-ranging strategy[114] envisions the transformation of the member-states towards the already established goals of carbon neutrality and renewable energy usage, aiming to reduce waste and make farming more sustainable, for example. On the digital area, it aims to increase connectivity through the installation of 5G networks, to progressively create smart cities and apply artificial intelligence to everyday needs. Necessarily, it also aims to strengthen national healthcare systems, funding more training, modernizing infrastructure, and investing in R&D. As the name tells, Next Generation EU is also directed at the future generations, promoting studies in STEM fields, entrepreneurship, and work experiences. All of these general objectives will also have to comply with social goals, like the fight against racism and xenophobia, promote gender equality and fight discrimination against the LGBTQI+ community.

According to Article 2 of the mentioned regulation[113], this instrument would be financed with €750 billion in 2018 prices – around €800 billion in current prices. However, inside this larger strategy is the Union's main tool to produce meaningful change in the economic recovery scenario: the Recovery and Resilience Facility[115] (RRF). At current prices, the RRF totals[116] €723,8 billion, of which €338 billion are made available in grants, and €385,8 billion through loans. The RRF has been giving the European Commission the power[117] to raise funds and allocate them to member-states according to their particular needs and the country-specific recommendations of the European Council, in the light of six established pillars: green transition; digital transformation; economic cohesion, productivity, and competitiveness; social and territorial cohesion; health, economic, social, and institutional resilience and policies for the next generation.

The attribution of funds is done through a multi-step process[117]. In order to access the RRF, each member-state had to submit its national Recovery and Resilience Plan (RRP) comprising the country's strategy to invest the available funds and implement a series of reforms, measures, with their respective milestones and targets. These RRPs had an indicative submission date of 30th of April 2021. While not mandatory, the Commission advises that the RRPs should include investments on seven flagship investment projects[118]. These are related to renewable energies, energy efficiency of buildings, sustainable transportation, wireless connectivity, modernization of public administrations and services, cloud capacity and digital skills education.

After the submission, the European Commission would have two months to evaluate the RRP, followed by another month of evaluation by the Council. In order to be approved by the Commission, the RRP must meet certain criteria[118]. The first two criteria are related to the green and digital transitions, being that a minimum of 37% and 20%, respectively, must be applied to these objectives. The RRP must also present itself as a "balanced response to the economic and social situation" of the country, meet the country-specific recommendations made by the Council, create jobs and social resilience, and comply with the "do no significant harm" clause, in relation to the environment. Regarding the amount allocated to each member- state[118], 70% of the funds available in grants will depend on the country's population, GDP and average unemployment rate in the last 5 years compared to the EU average, while the other 30% will depend on the GDP impact of the pandemic in 2020.

After gaining the approval of both institutions, within two months, the European Commission would give the member-state access to prefinancing worth 13% of total nationally allocated funds in order to kick-start the implementation of said plan's measures. Afterwards, following the instalment schedule present in each NRP, the member-state requests to the Commission successively, up to twice per year, the following disbursement. The Commission will evaluate progress made towards the established milestones and targets and answer the request in up to two months. The Council's Economic and Financial Committee will also evaluate the request, and after both bodies approve it, the member-state will have access to further funding. This process is to be repeated according to schedule and the respective set out objectives, up until the 31st of December 2026.

Under these circumstances and conditions, all 27 member-states prepared their own RRP and submitted them to the European Commission during 2021. From then until 2026, Next Generation EU's efficiency and positive impact will be tested, mainly with the implementation of the RRF. Considering the devastating impact the Covid-19 pandemic had on southern European economies as well as recognizing the importance and potential of the RRF in the implementation of said transitions and the construction of more competitive economies, it becomes relevant to have a deeper look in each of these countries' plans. They constitute important strategies not only to kick-start a recovery that saw itself delayed by the conflict in Ukraine, but also to sustain European economies during these hard times, to make substantial progress towards digital and green goals and to try and solve many of the previously identified issues and challenges that characterize their economies.

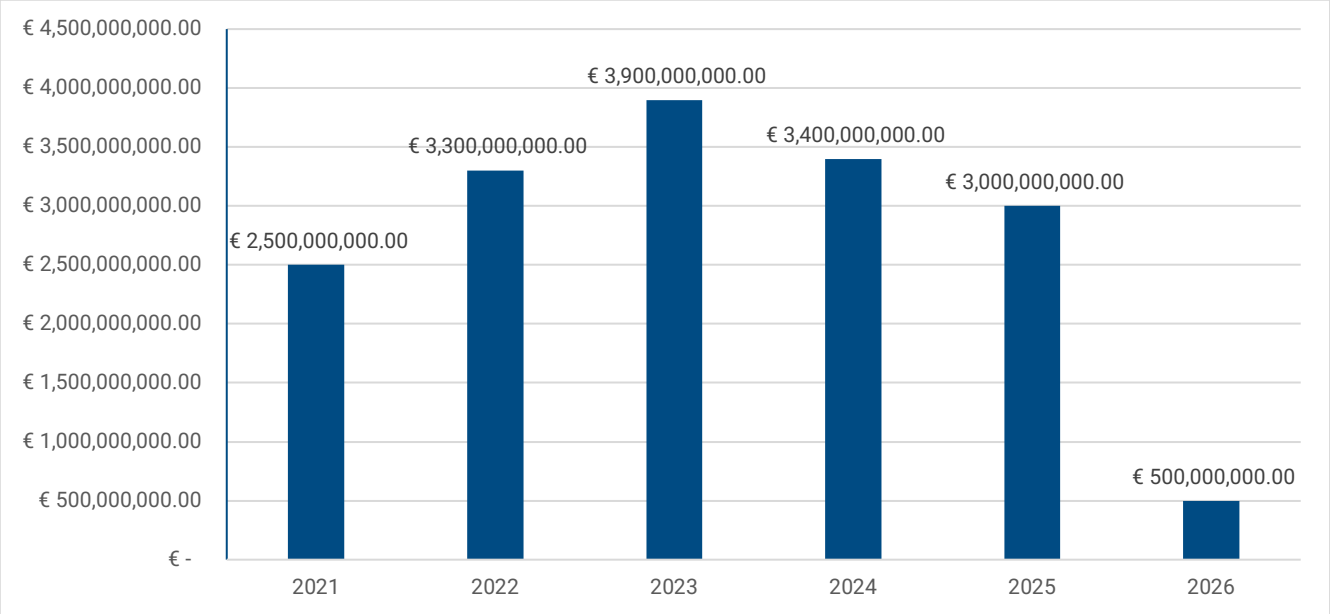
4.2. Portugal

Portugal's RRP[119;120] was the first one in the EU to be approved by the European Commission[121], on the 16th of June 2021, guaranteeing the southern European economy a total sum of €16,61 billion. The Portuguese plan is divided between a grant component, worth €13,91 billion, and a loan component, worth €2,7 billion. From this distribution, it is clear that one of this plan's main features is the fact that its loan component is quite small, both in absolute and relative sizes, especially when compared with the rest of Southern European plans, with the exception of Spain. Despite Portugal's allocation being the smallest among the other countries in southern Europe, it still represents a large amount at the national level. Portugal's RRP is worth 7,8% of the country's GDP in 2019, which in turn represents 2,3% of total RRF funds.

Like the other national plans, Portugal's will be implemented between the 2021-2026 period. However, Portugal's approach is characterized by being balanced in its fund distribution along the years, as seen in Graph 3. Even though it does not have a fixed amount for all years like the Greek plan, it stills maintains small differences between the amounts. While the first and last year see a smaller fund allocation, the period between 2022 and 2025 will always count with funding between €3 billion and €3,9 billion, which indicates that the plan's reforms and investments are also evenly distributed.

Graph 3

Portugal's Recovery and Resilience Plan Investment Timeline[122]



Source: European Parliamentary Research Service (2022)

Portugal's allocation of funds to specific objectives, like the other countries, follows the rules set by the RRF. For the green transition, Portugal will invest €6,3 billion from its plan, which represent 38,2% of its total funds. Regarding the digital transition, Portugal will invest €3,7 billion, representing 22,4% of the funds. With this investment strategy and the approval of the European Commission and the Council, Portugal received access to €2,2 billion in pre-financing funds in August 2021. After these approvals, the European Commission gave Portugal's plan top ratings for all the criteria, except for the "costing" segment, where it received a B. This grading distribution is a pattern common to all southern European countries.

In the years prior to the pandemic, namely 2019 and 2020, the European Council had identified several areas where improvements should be made. Under more horizontal policies, it was suggested that Portugal should maintain its trajectory in the strengthening of its public finances, and that the country should better adapt social protection to the needs of the people and the reality faced by the nation. Regarding more specific measures, the Council highlighted the need to reinforce healthcare services and long-term care, support the creation of jobs, facilitate investment and access to credit, in particular for SMEs, increase digital skills and, overall, contribute to measures that would make the Portuguese economy more competitive, less bureaucratic and more business friendly. With the new context of the pandemic, the Council adapted its recommendations, stressing the need to support the people and the economy with the necessary measures while maintaining a sustainable macroeconomic position. Other recommendations in this context also alluded to the objectives of the RRF, promoting the green and digital transitions, and also to the already stated need to make the economy more competitive by facilitating business activities.

Regarding the structuring of the plan, Portugal chose a simple model, based on three general objectives, also designated as dimensions. The first dimension is resilience, the second climate transition and the third one, digital transition. As a second layer, each of these dimensions is assigned a number of relevant of components, matching the flagship project areas outlined by the RRF. There is a total of 20 of these components.

Regarding the first dimension, which is resilience, Portugal allocated 67% of its total RRP funding, equivalent to €11,12 billion. This dimension is the largest one, counting with more than two thirds of the funds assigned to Portugal, thus bearing a larger role in the transformation of the Portuguese economy. The resilience dimension will be aimed at fostering a strong, inclusive recovery in the economy, with 9 components assigned. These will provide large investments in many

sectors, such as healthcare, infrastructure, innovation, forests, housing, culture, among others. Necessarily, with such a large amount of total funds, the resilience dimension is not mutually exclusive with other goals. Many projects under this dimension's components contribute to one or more of the main goals outlined by the RRF, allowing for apparently smaller allocations in the digital and green transformation agendas. The second dimension is aimed at the climate transition, with funding amounting to 18% of total funds, which is equivalent to €2,98 billion. This will allow for 6 dedicated components aimed at the energy efficiency of buildings, green energy (namely hydrogen) and other projects related to the carbon neutrality targets. Thirdly, the last dimension will be dedicated to the digital transformation, with €2,49 billion in funding, representing 15% of the allocated funds. This dimension will steer its 5 components towards the modernization of government services, digitalization of businesses, teaching digital skills in schools, business competitiveness and strengthening public finances.

Regarding reforms, Portugal plans to implement a total of 37, each within the aforementioned 20 components. Despite this distribution, two specific components will not benefit from any reforms, these being culture and infrastructure. Under the resilience dimension, a total of 22 reforms are planned, in areas such as innovation, vocational education, forests, housing, healthcare, the promotion of investments, along with several other. The second dimension counts with a total of 8 reforms relating to the decarbonization of industry, the blue economy, energy efficiency for buildings, the Portuguese national hydrogen strategy, among others. Regarding the third dimension, which is dedicated to the digital transition, 7 reforms are planned, including the modernization of public services, digitalization of businesses, digital skills training, competitiveness improving reforms, and other.

With the dimensions' components and respective reforms as structuring starting points, a total of 83 investments will be carried out between 2021 and 2026 as part of Portugal's RRP. These will help deliver the economic transformations the country proposes itself to achieve and are allocated to each dimension, sometimes having overlapping effects on several goals.

Under the first dimension, a total of 49 investments are planned, with the largest being the capitalisation of the newly created Portuguese Development Bank, which is the biggest single project of Portugal's RRP, costing 1,5% of total funds. This is revealing of the plan's nature, showing that even the largest investments do not consume very large portions of the available funds, allowing for a more even distribution. In relative terms however, it costs 13,9% of this dimension's funding. Other large investments under this dimension include funding for affordable housing programs, costing 10,9% of this dimension's resources, and vocational training programs improvement, costing 6,4%. The housing affordability program will be the plan's second largest project, counting with €1,21 billion in funding.

The second dimension will benefit from a total of 17 reforms, with its largest being industry decarbonization – a rather broad and general category. This will count with 23,4% of the dimension's funds, amounting to around €700 million, turning it to the third largest project of Portugal's RRP. Other large investment projects in this dimension include the expansion of Lisbon's metro system with four new stations, corresponding to 10,9% of this dimension's funds, and an energy efficiency program for residential building renovations, counting with 9,8%.

Thirdly, the digital transitions dimension will also count with 17 investments. Its largest allocation is directed to the further digitalisation of the education system, contributing to digital skills training and the modernization of the system itself. This reform will receive 20,3% of the dimension's funding. The digital transition of businesses, SMEs in particular, will also benefit from a large reform that will count with 18,3% of this section's funds, and the third largest project will be dedicated to "economic justice and the business environment". This will address Portugal's competitiveness issues, namely bureaucratic burdens.

All reforms and investments contribute to Portugal's RRP objectives, and these can be qualified by a series of milestones and targets that were previously set. In total, Portugal proposes the achievement of 138 milestones and 203 targets during the implementation period, with each depending on one or more specific investments and/or reforms. While most milestones are set to be achieved during the first part of the plan, until the end of 2023, most targets will be met in the later stages of the implementation period, mainly by the end of 2025, when 94 targets – almost half of the total – are

expected to be met. According to the schedule, Portugal will receive its grants in 10 different instalments, and its loans under 7.

In order to administer its RRP funds, Portugal has established a centralized multilevel governance model[123] with transparency, coordination, and monitoring as its main priorities. The first level of governance will be constituted by an Inter-Ministerial Commission presided by the prime minister himself. As an inter-ministerial body, it will count with the presence of ministers and secretaries of state that represent areas relevant to the plan's implementation. This commission will be responsible for the plan's coordination, approval, and submission of changes to the European Commission. The second level will be the National Monitoring Commission, which will be managed by an independent individual designated by the prime minister and also count with the presence of nine other individuals nominated by the Inter-Ministerial Commission. This monitoring commission will gather twice a year, more in the case of extraordinary conditions, and will be responsible for monitoring progress, evaluating reports and contribute to communication efforts, in the light of transparency. The third level is the "Recover Portugal" Mission Structure, which will coordinate the execution, monitoring and technical implementation efforts with other government agencies. This body will report to, and elaborate reports, for the upper levels of the governance model as well for the European Commission. Finally, the fourth level of governance will be composed by the General Finances Inspection agency that will supervise and audit the plan's implementation, and report on the several disbursements.

Having received the institutions' approval, Portugal received in August 2021 its pre- financing funds, amounting to €2,2 billion. Afterwards, Portugal submitted its first payment request in the end of January 2022, worth €1,16 billion, being granted in early May. The second and latest disbursement request, amounting to €1,8 billion, was submitted at the end of September 2022, being approved by the Commission on mid-December[124] and disbursed in early February 2023. However this second payment's approval was not without controversy. A Portuguese newspaper reported[125] in early January that the latest disbursement request was approved without the General Finances Inspection having audited and confirmed the most recently accomplished targets and milestones. It also suggested that the government should be ready for a suspension of funds if the audit committees found that the targets were not met. This situation could also compromise the scheduled negotiations[124] between Portugal and the Commission regarding the country's RRP's restructuring in the light of high inflation and additional funds.

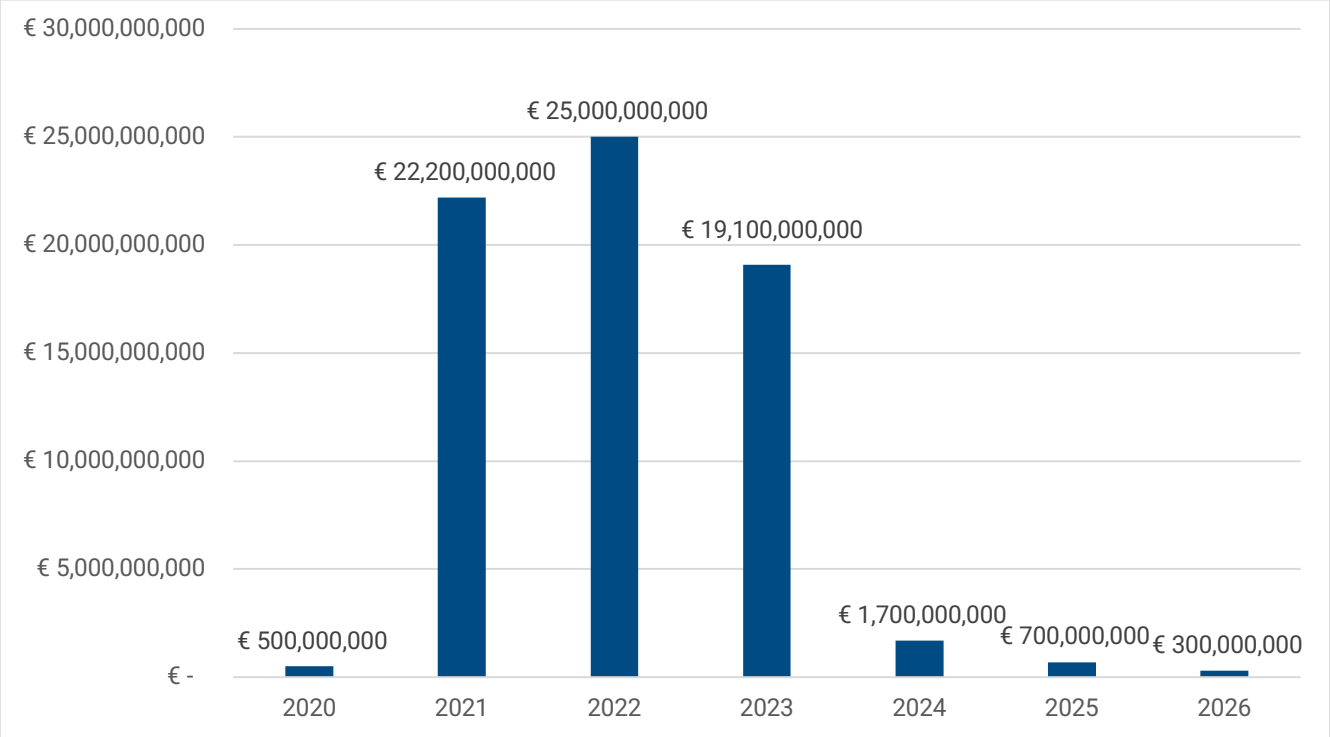
4.3. – Spain

Spain's national recovery and resilience plan[126;127] was approved by the European Commission in June 2021. At a first look, it shows three main characteristics: firstly, it is only funded through grants, meaning that no debt will be incurred from the implementation of the plan; secondly, it is the EU's largest recipient of grants through the RRF; and thirdly, it is the EU's second largest national RRP in funds. These characteristics make Spain's plan a quite important demonstration of the facility's efficacy. Total funds allocated to the country under this plan amount to €69,5 billion, all originating from grants, and representing 9,6% of total RRF funds. Additionally, the Spanish government plans investments worth €27 billion sourced from national funds in order to complement and support the country's plan, which will also benefit from an additional €12,4 billion in funds from REACT-EU directed to healthcare and educational objectives. This combination makes total investment in the goals set out by Spain's plan worth €108,9 billion – a figure only rivalled by Italy's plan.

The investments with funds allocated from the RRF will be allocated in a time period between 2021 and 2026, with €0,5 billion from 2020 also being covered. Spain's investment timeline, however, is not evenly balanced throughout the implementation period, as can be observed in Graph 4. In fact, the largest sums of the plan will be spent between 2021 and 2023, which together concentrate €66,3 billion, or 95% of total funds available. This concentration leaves very little financing for projects and reforms carried out between 2024 and 2026, meaning that the gross of Spain's will have already been implemented soon.

Graph 4

Spain's Recovery and Resilience Plan Investment Timeline[128]



Source: European Parliamentary Research Service (2022)

Regarding the funding allocation[129] to the RRF's purposes, Spain chose to fund the green transition with 39,7% of total funds, amounting €27,6 billion. In parallel, Spain allocated to the digital transition €19,6 billion, which represent 28,2% of RRF funding. The remaining sum of €22,3 billion will be assigned to "social and territorial cohesion and gender equality", representing 32,1% of the plan's resources. With the approval of the plan by the Council, Spain got access to the pre-financing mechanism, giving the country €9 billion in order to start the implementation of its several projects. Previously the plan had already been approved by the Commission, which gave perfect marks in all evaluation criteria except for "costing", where Spain got a B grade, like in all the other analyzed southern European member-states.

Prior to the pandemic, in 2019 and 2020 the European Council had identified a total of 14 areas in which improvements could be made, thus presenting its recommendations for Spanish policy. Furthermore, the Council highlighted some problems faced by the Spanish economy, among which were an elevated long-term unemployment rate, difficulties in labour reinsertion, excessive bureaucracy, and a complicated regulatory environment. The Council also stressed a need for more effectiveness in the public administration. In order to address these difficulties, the Council recommended government action and support on job creation, unemployment benefits, reducing job precarity, especially among the young generations, upskilling and the digitalisation and quality improvement in public services. Other recommendations also include private investment incentives, a better public procurement system, and a more effective coverage for minimum wage and social aid.

In the light of the financial difficulties faced by Spain in the beginning of the last decade, the Council also suggested that any measures taken to address these recommendations should not compromise debt sustainability. This particular warning was effectively incorporated into Spain's RRP as the country will only benefit from funds originating in grants, incurring no debt. Other indications on the main areas where the country should invest were also observed, sharing goals with the overall Next Generation EU strategy. For 2022, considering the implementation of the RRF, the Council stressed the importance of "gradual debt reduction and fiscal sustainability in the medium term" as well as public investments in the same areas covered by the plan and the promotion of a circular economy.

According to the Spanish RRP[126], it addresses three main objectives, being the following:

- Increasing economic activity and job creation to address the short-term impact of the pandemic;
- Support a structural transformation process (of the economy) that allows the increase of medium-term potential growth;
- Reinforce the country's resilience in the long-term, aiming towards a more sustainable and inclusive model of development;

Under these objectives, Spain's plan covers four lines of action to which the funding is allocated, being the green transition, the digital transition, social and territorial cohesion and gender equality. In their turn, these lines of action possess a total of ten lever policies, which are again divided in a total of thirty components that specifically address the RRF's suggested flagship projects. These ten lever policies effectively structure the plan, assigning resources to specific policy areas, being the following:

- **Lever Policy 1** – Urban and rural agenda, combating depopulation and developing agriculture;
    - €14,41billion,representing20,7%offunds;
- **Lever Policy 2** – Resilient infrastructures and ecosystems;
    - €10,4 billion, representing 15% of funds;
- **Lever Policy 3** – Fair and inclusive energy transition;
    - €6,39 billion, representing 9,2% of funds;
- **Lever Policy 4** – An administration for the XXI century;
    - €4,24 billion, representing 6,2% of funds;
- **Lever Policy 5** – Industry and SME modernization and digitalisation;
    - €16,08billion, representing23,1%offunds;
- **Lever Policy 6** – A pact for science and innovation. Capacity building in the national health system;
    - €5,03 billion, representing 7,1% of funds;
- **Lever Policy 7** – Education and knowledge, continuing training and skills development;
    - €7,32 billion, representing 10,6% of funds;
- **Lever Policy 8** – New care economy and employment policies;
    - €4,86 billion, representing 7% of funds;
- **Lever Policy 9** – Boosting the culture and sport industry;
    - €830 million, representing 1,2% of funds;
- **Lever Policy 10** – Modernization of the tax system for inclusive and sustainable growth;
    - No funding required;

Some of these lever policies concentrate significant portions of the RRP's funds, worth highlighting that the largest one is dedicated to industry and SME modernization, with 23,1% of funds, followed by the urban and rural agenda with 20,7% and resilient infrastructures and ecosystems with 15%. With a total of 30 components, these are spread out between each lever policy, with allocated funding put towards specific projects.

Besides these components, Spain's RRP also counts with a series of 211 reforms that contribute to the stated lines of action[127]. In the domain of the digital transition, reforms will be directed to the modernization of public administration and the healthcare system, and the digitalization of industry and SMEs. Regarding the green transition, these measures will improve sustainable transportation, enhance the energy efficiency of buildings, fund new renewable energies such as green hydrogen and, of course, fund the restoration and protection of endangered ecosystems and biodiversity. For the economy as a whole, employment reforms will also be undertaken in order to make pension schemes more sustainable, integrating the parallel economy, increasing the efficiency of taxation, and creating more job opportunities.

As previously stated, the most intense period for the implementation of Spain's RRP will be between 2021 and 2023, and in this period 109 investments will be undertaken. These investments will be done under the level policy and components structure, with the largest projects being concentrated in the better funded lever policies. Housing rehabilitation and an urban renewal plan will be the largest investment implemented, costing €6,82 billion, closely followed by sustainable, safe, and connected mobility, worth €6,66 billion and an action plan for sustainable mobility in urban areas, worth €6,53 billion. It is also worth mentioning several large investments under the fifth lever policy, namely support for SMEs, cybersecurity and 5G, Spain's industrial policy and the modernization of the tourism sector – these four projects together will cost €16 billion. These investments are in line with the flagship areas proposed by the European Commission, contributing to important objectives such as the sole use of renewable energy until 2050, having 80% of the population with digital skill training and 75% of the population with access to 5G coverage.

In order to support, monitor and coordinate the implementation of the RRP, Spain has put together a governance model with multiple bodies. Additionally, ahead of the RRP's implementation, Spain approved a public administration reform that facilitates public-private partnerships and policy coordination, while also removing bureaucratic obstacles. Spain's RRP will be headed by the Commission for Recovery, Transformation and Resilience, which will be presided by the Prime Minister and will gather ministers with relevant responsibilities and other appropriate members of the government. This Commission will by advised by a Technical Committee with 20 members, which will be chaired by the General Controller of the Central Government, responsible for auditing the implementation of the plan and coordinating its policies with regional authorities. The audit responsibilities will also be shared with the National Anti-Fraud Coordination Service and the European Anti-Fraud Office. For the sake of transparency, regular publications on the funding of projects will be published in the national plan's website.

Spain's funding from the RRF will be delivered through eight different payments which are dependent on the accomplishment of certain objectives. These are made up of a total of 220 milestones and 196 targets scheduled throughout the implementation period. Most of these are concentrated in the 2021-2023 period, where almost all the funding is planned to be invested, noting that in December 2023, 74 targets are expected to be met.

After the pre-financing payment of €9 billion in August 2021, Spain made its first disbursement request in the end of November 2021, asking for a €10 billion payment, which was granted in the same year, by the end of December. The second request was made at the end of April 2022 and paid at the end of July, granting Spain €12 billion. The most recent progress in the implementation of Spain's plan has been the request for a third instalment in mid-November 2022, worth €6 billion, with its approval still being evaluated by the European Commission.

4.4. Italy

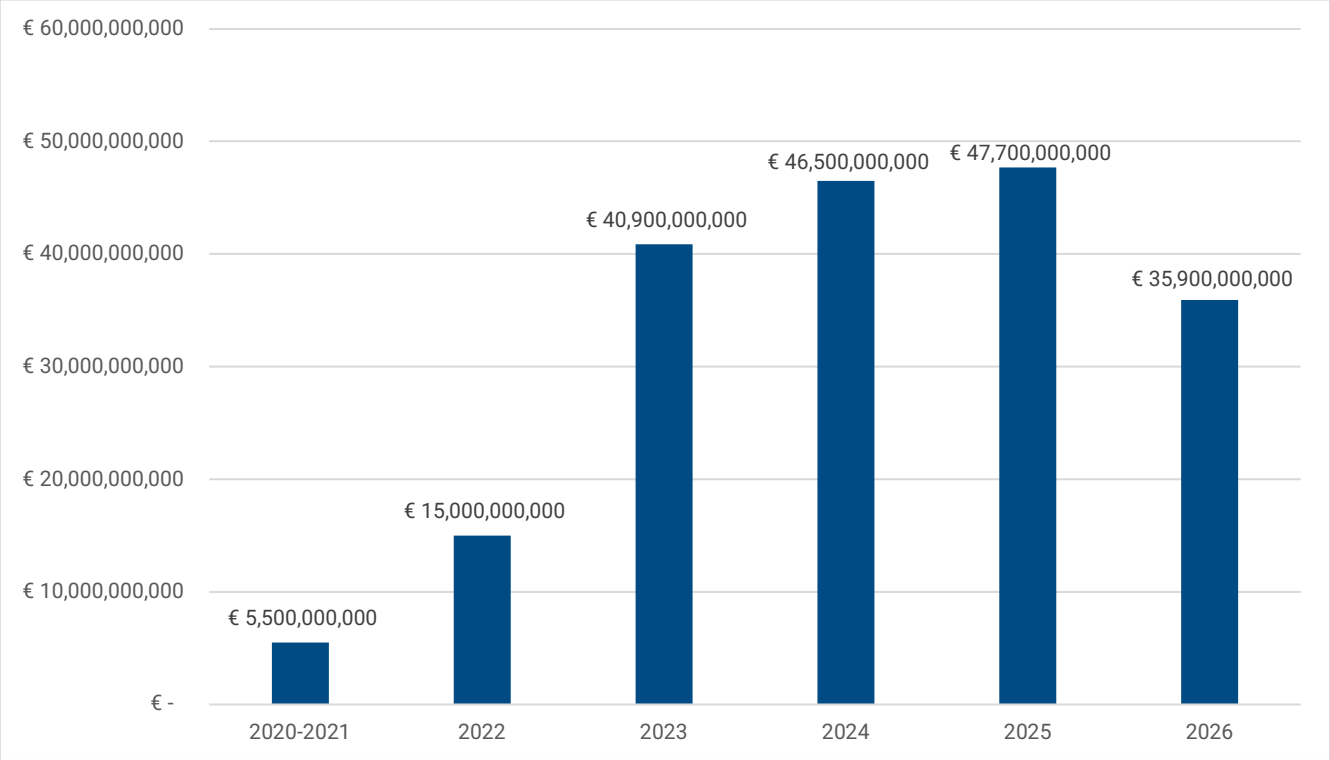
Italy's National Recovery and Resilience Plan[130;131] is perhaps one of the most noteworthy plans approved by the EU Commission. It is the largest plan, with total funds amounting to €191,5 billion. This figure corresponds to more than a quarter of the Recovery and Resilience Facility (26,5%) and 10,7% of Italy's GDP in 2019. Therefore, the implementation of Italy's plan is undoubtedly representative of the overall performance of the *NextGenerationEU* EU Funds.

The plan breaks down[132] into 36% in grants, with a sum of €68,9 billion, and the remaining 64% in loans that amount to €122,6 billion – one must note however that almost two thirds of the plan will incur debt, a problem with which the Italian state was already struggling with before the effects of the pandemic and the war. In this regard, it is also worth highlighting that Italy is the European Union's largest recipient of funds through loans under the RRF. Regarding the grant component, it is divided into two different parts; one of €47,9 billion due to be allocated up to the end of 2022, and the remaining €21 billion – revised up to €21,1 billion during the summer in 2022 – will be allocated during 2023.

Furthermore, Italy has mobilized additional resources to the plan worth €30,6 billion in order to guarantee the strengthening of structural weaknesses and the success of major reforms. The plan envisions spending within the standard timeline set by the Commission, with the allocation displayed on Graph 5.

Graph 5

Italy's Recovery and Resilience Plan Investment Timeline[133]



Source: European Parliamentary Research Service (2022)

Italy's allocated 37,5% of its plan to the green transition, corresponding to €71,8 billion, and 25,1% to digital transformation, corresponding to €48,1 billion. Despite these large sums, the largest share of Italy's RRP will be allocated to its southern regions, which is especially important given the internal inequalities Italy possesses. As an example, according to GDP numbers from 2019[134], the two richest southern regions – Campania and Sicily – together don't even add up to even half of the richest region's wealth (Lombardy), only barely matching the second richest region (Lazio). In this context, the European Council highlights the need for improvements on infrastructures and in innovation policies for the southern regions.

Despite having the Council suggested during 2019 and 2020 recommendations to the Italian government on essentially every policy area, the RRP will focus its investments on the green and digital transitions. Under these priorities, the Council specifies the importance of investments on *"clean and efficient production and use of energy, research and innovation, sustainable public transport, waste and water management as well as reinforced digital infrastructure"*[131]. Among other recommendations, the Council also suggested that, provided the necessary economic conditions, the Italian government should balance fiscal policy, guarantee debt sustainability, increase investment and productivity.

Italy's plan was submitted to the European Commission on the 30th of April 2021, setting up afterwards, on the 6th of May, a Complementary Fund with additional funds worth €30,6 billion, thus reinforcing the already largest investment plan within the Resilience and Recovery Facility. The Commission approved Italy's plan, attributing to it the highest grade in all of the criteria, except for "cost justification", where it received a medium classification, just like the other southern European countries. Italy's plan structure will be divided in the following six "missions", with funds, reforms and measures respectively allocated:

- **Mission 1** – Digitalization, innovation, competitiveness, culture, and tourism:
    - 21% of total funds and 19 reforms planned;

    - €40,29billionallocatedwith27 measures planned;
- **Mission 2** – Green revolution and ecological transition:
    - 31% of total funds and 14 reforms planned;
    - €59,46billionallocatedwith45measuresplanned;
- **Mission 3** – Infrastructure for sustainable mobility:
    - 13% of funds and 9 reforms planned;
    - €25,40billionallocatedwith11measuresplanned;
- **Mission 4** – Education and research:
    - 16% of total funds and 11 reforms planned;
    - €30,88billionallocatedwith24measuresplanned;
- **Mission 5** – Inclusion and cohesion:
    - 11% of total funds and 5 reforms planned;
    - €19,85billionallocatedwith17measuresplanned;
- **Mission 6** – Health:
    - 8% of funds and 2 reforms planned;
    - €15,63billionallocatedwith8measuresplanned;

Within these six missions and their respective measures, many investments are planned, with the ten most expensive ones corresponding to 36,4% of all the plan's funds. Among these it is possible to highlight some of the most expensive projects, with incentives for building's energy efficiency and earthquake prevention renovations with €13,95 billion allocated, the digitalization of businesses (the so-called Transition 4.0) with €13,38 billion and the construction of high-speed railway lines with €8,57 billion. Other of the most expensive projects fall within the transportation, healthcare, and connectivity areas.

According to the plan, these missions will also have to comply with three designated horizontal priorities that comprise youth, gender equality and territorial cohesion, in order to adequately tackle Italy's previously identified difficulties. Regarding the reforms, European Parliamentary Research Service identified three categories. The first category is horizontal reforms, mainly applied to the public administration and justice system, the second category comprises enabling reforms, directed at improving competitiveness and reducing administrative, regulatory, and procedural bureaucracies, and the last category is sectoral reforms, which support specific RRP investments and the efficiency of their implementation.

The Italian RPP states the following objectives:

1. Help Italy recover from the severe socioeconomic impact of the coronavirus pandemic;
2. Contribute to addressing structural weaknesses of the Italian economy (i.e. low productivity growth; significant and persistent gaps in territorial development; women's low participation in the labor market; delays in digitalization, education, and research systems);
3. Focus on the three strategic axes agreed as common challenges at EU level (digitalization and innovation; ecological transition; and social inclusion).

Italy's plan's governance model is organized around ministerial competences. Firstly, a steering committee at the Prime Minister's Office will be responsible for the monitorization of progresses in the implementation of the plan and of horizontal policies, and the cooperation between stakeholders. This committee will be led by the Prime Minister and count with the presence of ministers whose area of action is considered important for the planned activities. The steering committee will provide semestral reports and an annual report to the parliament on progress achieved.

The Ministry of Economy and Finance will act as the main body for the coordination of the plan and as an interface between the Italian government and the European Commission. Besides this, it will also be responsible for monitoring progress and creating an independent body to audit the implementation of the plan.

Finally, on the third level of competences rest central, regional, and local administrations, which will be responsible for implementing the planned specific reforms, measures, and projects. This competence will be of great importance, especially when taking into account the decentralized nature of the plan, with almost half of all the funds (€87 billion) being directed to local administrations. Additionally, the Ministry of Sustainable Infrastructures and Mobility and the Ministry of Ecological Transition will both have the added responsibility of having to manage some of the largest projects.

After both parts approved and signed the agreement, Italy was allowed access to the prefinancing part of the plan, which summed up 13% of the plan's total value. This amounted to €24,9 billion and was disbursed in August 2021. The plan's remaining funds will be released in several tranches according to progress towards the established milestones (qualitative) and targets (quantitative), provided the financial availability from the EU. This prefinancing scheme will be the norm for each disbursement. Like the other plans, Italy's also sets the 31st of August of 2026 as the deadline for completing all proposed objectives. According to the disbursement schedule, Italy will have received half of the envisaged sum by the end of 2022, being the remaining funds, namely the loans, spread out along the entire plan timeline, up until the end of 2026. In total, Italy has proposed itself to meet 213 milestones and 314 targets by the end of the program, and these may be interconnected with each other and dependent on several projects.

Regarding progress made in the disbursement of resources, Italy has already received two payments from the European Commission under the Next Generation EU Funds. Before these payments, however, Italy received the aforementioned pre-financing, on the 13th of August 2021, summing up €8,96 billion in grants and €15,94 in loans. Afterwards, the first payment received was on the 13th of April 2022, with €10 billion in grants and €11 billion in loans, followed by the second instalment, on the 7th of November 2022, where a further €10 billion in grants and €11 billion in loans. Overall, until January 2023 Italy has so far received €66,9 billion in total, amounting to 34,9% of all the funds allocated to the country. Regarding the funds allocated through grants, 43% of them have already been paid, while only 30,9% of loans have already been paid.

More recently, on January 3rd, 2023, the European Commission received a request from Italy[135] for the disbursement of the third instalment of the plan. This payment will be of €19 billion worth of grants and loans directly connected to a total of 55 objectives, composed by 39 milestones and 16 targets. Once more, the Commission will evaluate the request and unlock the funds depending on progress made.

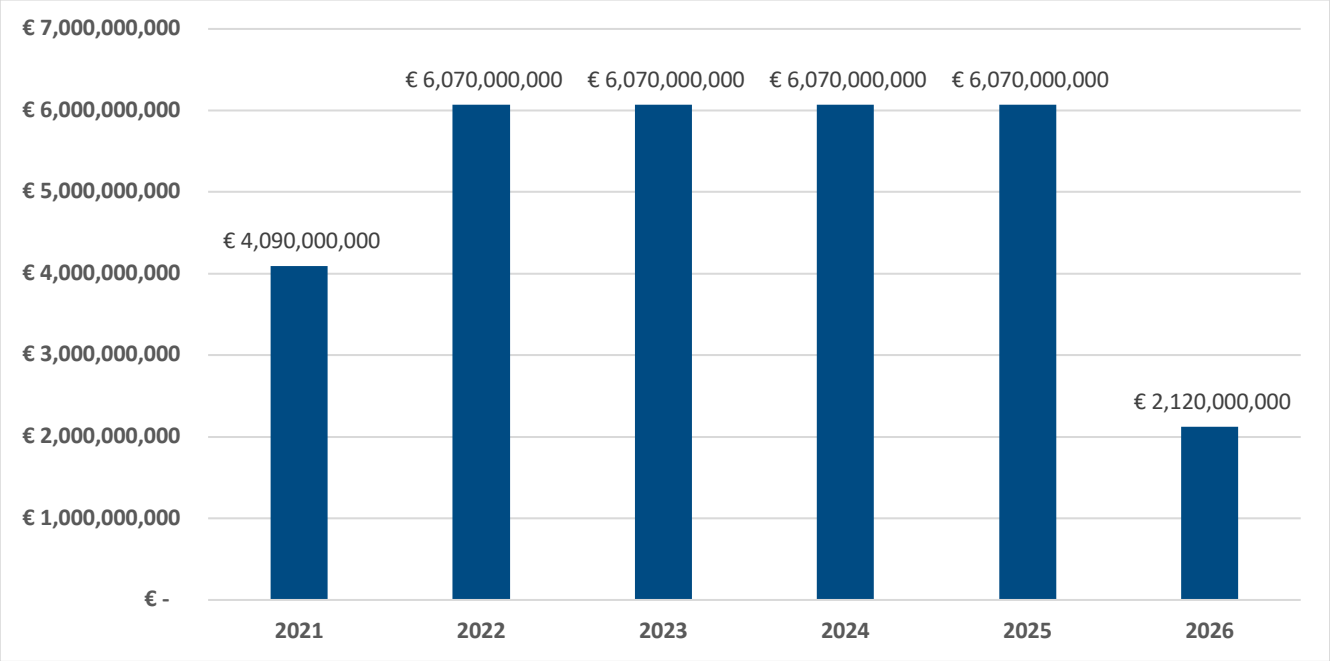
4.5. Greece

On April 2021, Greece became one of the first member-states to submit its RRP to the European Commission. Greece's national plan[136;137] amounts to €30,5 billion, which represents around 16,7% of the country's GDP in 2019 values. The plan was approved by the Council in July 2021, allowing access to the 13% pre-financing mechanism, which amounted to around €4 billion. The remaining parts of the plan will be divided into nine instalments, through both grants and loans. The RRF is of particular importance to Greece due to the hardships faced by the country not only during the pandemic, but also during this last, turbulent, decade, in which the country struggled with growth, debt and poverty. For Greece more than the other southern European countries, this plan represents an opportunity not like many other. According to the European Parliamentary Research Service[134], Greece in the Union's largest per capita grant beneficiary.

Total funds from Greece's RRP are divided into a grant portion, which amounts to €17,8 billion and represents 58% of the plan, and a loan portion, which sums up €12,7 billion and 42% of the plan. In total, Greece's €30,5 billion plan will correspond to 4,2% of all RRF funds. Unlike other plans, Greece's RRR previews an even distribution along the implementation period. This allocation, represented in Graph 6, shows only two years will have lower financing than the rest: 2021, counting only on the pre-financing mechanism, and 2026, when the grant part of Greece's RRF will already have been invested, resting only around €2 billion in loans to finalize the proposed milestones and targets. The remaining middle years of the plan's implementation will have an annual fixed funding of €6,07 billion, comprised of both grants and loans.

Graph 6

Greece's Recovery and Resilience Plan Investment Timeline[138]



Source: Renovate Europe (2022)

Besides this even yearly distribution, Greece's plan also presents a compliant allocation of funds to the green and digital transitions[139]. Regarding the first transformation, the country's RRP has 37,5% of funds allocated, which represent €11,4 billion. The green transition in Greece will feature measures such as an upgrade to the country's electricity network and incentives to the production of green energies. For the digital transition, Greece allocated more than what was required, with 23,3% of funds, amounting €7,1 billion. This area will benefit from the construction of new capacitating infrastructures like 5G coverage, support to SME digitalization and the modernization of the public administration system. The remaining funds outside these two domains will be allocated to other main objectives such as private investment and employment.

Like previously said, the last decade was mostly a hard one for Greece. In the light of the country's economic crisis, the European Council has been developing for years many recommendations in order to steer the country towards sustainable long-term growth and the surmounting of many structural challenges faced. Consequently, the Council's country-specific recommendations have reflected these realities, thereby including addressing macroeconomic imbalances such as high levels of public debt, widespread non-performing loans and a very high unemployment rate which particularly affects the youth.

Regarding the Council's most recent recommendations, continuing the country's macroeconomic consolidation is still a priority, however dependant on the conditions faced. More specifically, in the context of the pandemic, the Council stated approval for government support for SMEs, labour flexibilization, public investment and more digital transition policies. Considering Greece's RRP, the Council recommended the application of its measures in several areas, highlighting the need for specific action in four areas: public finances and healthcare; labour market and social policy; public and private investment; and structural reforms to improve the functioning of the country. These were assured by multiple measures, including overall job creation, upskilling, and reskilling programmes, labour reform, public administration modernization, energy efficiency improvements, support for the green and digital transitions and the continuation of macroeconomic prudency.

Greece's RRP is structured around four main pillars, which categorize investments made in several areas. One must note, however, that these pillars are don't invalidate the previously highlighted allocation of funds to the digital and green

transitions, as measures in different pillars may contribute to one or more goals simultaneously. Accordingly, the first pillar is dedicated to the green transition, with 20% of the funds specifically allocated; the second pillar is the digital transformation, with 7% of funds; the third pillar is employment, skills, and social cohesion, with 17%; and finally, the fourth and largest pillar is worth 57% of funds and is dedicated to private investment and the overall transformation of the country's economy. These pillars intend to give Greece's economy more competitiveness, turn it more green, digital, and efficient. Like the other national RRPs, Greece's plan received a positive evaluation from the European Commission with top marks in all categories except for a B under cost justification. With these conditions, the Greek government states[140] that the plan's effects will allow the mobilization of total investment resources worth €59,8 billion, including RRF funds, mainly through the formalization of the parallel economy and the increase of private investment. Overall, Greece's four pillars that sustain its plan will comprise a total of 18 main components, which in turn include a total of 106 investments and 67 reforms.

As said before, the first pillar is dedicated to the green transition, and it is going to be responsible for the Greek increase in energy production through green sources, improvements in energy efficiency through infrastructure and building renovation, waste management, reforestation efforts and the complete phase-out of coal-produced electricity until 2028. For these goals, the pillar with count with funding up to €6,2 billion.

Greece's second pillar is the digital transition, to which it allocated €2,2 billion in funds, aiming to increase connectivity and change the business paradigm. To achieve these goals, Greece aims to reform the public administration, fully implement the 5G network, lay down new submarine cables between its continental territories and its islands, reaching all the way to Cyprus, in an international connectivity effort. Businesses will also benefit from this digital transformation, helping them to become more competitive, and giving more success to the government's efforts to tackle the parallel economy.

The plan's third pillar is devoted to employment, skills, and social cohesion, encompassing some of the country's most difficult challenges. Measures under this pillar will be funded with €5,2 billion and will be directed towards digitalisation efforts of social security and other sectors, increasing employment, vocational training, digital skills, and major reforms in the healthcare system. This reform is one of the most relevant for the country, especially in the aftermath of the pandemic, being planned the reform of primary, secondary and tertiary prevention while also making improvements in primary care.

Finally, Greece's fourth and largest of the pillars – private investment and transformation of the economy – will be decisive for the plan's success. It will possess funding of €12,8 billion, making heavy use of loans for businesses in order to fulfil long-term projects and reforms. This pillar will be devoted to major reforms in the public sector, namely directed to the administration, the financial and the judicial systems. This modernization effort will aim not only to make Greece's public services more efficient, but also promote innovation and make the country more competitive through initiatives like streamlining tax collection, fighting corruption, and reducing bureaucracy.

Regarding the planned reforms, Greece proposes a total of 10, each one allocated to the respective pillar. The first pillar counts with the restructuring and improvement of renewable energy sources, around 700 new urban plans, the installation of charging stations for electric vehicles and new waste and water management infrastructures. The second pillar will benefit from an overhaul of public services through simplification, connectivity, and interoperability measures. Under the third pillar, two reforms are planned, with a labour law reform and improvements in the healthcare sector directed at cost efficiencies. Finally, the fourth pillar's reforms will be directed to the improvement of the business environment and competitiveness of the country through bureaucratic simplification, public administration reform and the digitalization of payment methods for SMEs. Besides these "key reforms" each pillar contains many other smaller albeit important reforms and strategies to fit the country's milestones and targets.

Correspondingly, Greece's RRP reforms will require investments, and the plan sets up a total of 106 investments, which in turn are grouped in 28 sets of measures directed at a specific goal. Out of these, 8 investments are singled out as being of a large dimension, with each one costing more than €0,2 billion. These are also assigned to the four pillars. The large investments under the first pillar consist of the installation of underwater electric cables for the Greek islands and an energy efficiency program, under the second on the digitalisation of public services and SMEs, in the third pillar programs

for upskilling, digital and financial skills and finally, the fourth pillar contains the renovation and construction of road infrastructures. Out of these large projects the three largest, by order, are the energy efficiency renovations program (€1,25 billion), upskilling and reskilling programs (€0,79 billion) and the digitalisation of archives and related services (€0,6 billion). The ten largest investments of the plan comprise 19,7% of Greece's total funds under the RRF.

Greece's plan will be overseen by a governance system which will work closely with the European Union. The Recovery and Resilience Facility Coordination Agency is a Greek independent body created by the Ministry of Finance which will be controlling the plan's implementation. This coordinative entity created a Management and Control System which will check if Greece's plan is being implemented in compliance with established rules and perform audits and progress monitoring. The Agency will be the contact point between the Greek counterparts and the European Commission and will also integrate the Management and Control System along with three other entities: the ministries, the implementing bodies, and the financial audit committee. The suitable ministries will be involved in the implementation of their respective measures. The implementing bodies will be assigned by the responsible ministries and will be responsible for producing the expected results by achieving the set milestones and targets, while being monitored by independent auditors. Finally, the financial audit committee will be under the authority of the Ministry of Finance will be responsible for supervising compliance and the appropriate coordination between the RRF and other European funds.

Having the Greek plan been approved by the European Council, the country gained access to the 13% of funds correspondent to the pre-financing mechanism of the RRF in August 2021. This kick-starter payment was worth €4 billion. As planned, the remainder of funds will be progressively "unlocked" by the accomplishment of stated milestones and targets. By the end of the same year, Greece requested the first disbursement, worth 3,6€ billion, as the country had completed a set number of milestones by then, which was paid by April 2022. Greece's RRP contains a total of 265 milestones and 66 targets, with a concentration of the most milestones both at the beginning and end of the implementation period, while the year with the most targets is 2025. Besides the equal distribution of funds along the years, Greece's plan is also marked by the alternation between years only with grants funding and years with both grants and loans. As it goes for the current implementation stage, the second payment request, worth the same amount as the others, was submitted to the Commission at the end of September 2022 and was granted in mid-January 2023.

4.6. Southern Europe in the RRF

The RRF facility is indeed a powerful tool. Will many challenges ahead, Southern European economies are among the most benefited from this precious instrument, thus making it essential for it not to become a gone-by opportunity. As part of the RRF regulation, all EU member states had to present their own plans and strategies on how to implement the funds that are being progressively made available to them. As verified by the analysis of Southern European plans, despite having particular differences on some allocations, all RRPs follow the same guidelines presented by the European Commission. It is also worth analysing not only how Southern European countries compare among each other, but also to the other member states, and how Southern Europe as a whole, compares with the EU averages.

Table 5
Southern Europe's Progress on their RRP Implementation[141;142;143;144;145]

	RRF Funds Allocated (Billions €)			Disbursed Funds (Billions €)			Milestones and Targets	
	Grants	Loans	Total	Grants	Loans	Total	Total Proposed	Fulfilled
Portugal	13,9	2,69	16,59	4,07	1,07	5,14 (30,98%)	441	75 (17%)
Spain	69,51	0	69,51	31,04	0	31,04 (44,65%)	416	92 (22%)
Italy	68,88	122,6	191,48	28,95	37,94	66,89 (34,93%)	527	95 (18%)
Greece	17,77	12,72	30,49	5,75	5,35	11,1 (36,4%)	331	43 (13%)

Source: Own preparation. Data from: Recovery and Resilience Scoreboard (2023) Note: The data in this table is up to date as of the 21st of February 2023

From Table 5, it becomes evident that there is a disparity between the amounts allocated to each Southern European country. Portugal was the region's state with the least funds (€16,59 billion), and it is also noteworthy that its funds originating from loans are only a small part of the total allocation. However, being dealt the least funds does not mean that Portugal is ahead in their use, quite the contrary. Regarding the instalments that have already been made available, Portugal ranks the lowest in Southern Europe, with a total of 30,98% of its total funds having been received. This metric is also reflected on the country's achievements. Despite being the second most ambitious regional economy in terms of the number of milestones and targets (441) it proposed itself to accomplish, only 11% of them have already been met.

After Portugal, in terms of progress made in Southern Europe, comes Greece. Greece was allocated a relevant amount in RRF funds (€30,49 billion). In perspective, Greek resources are around double those Portugal is scheduled to receive, while having almost the same population. This is revealing of the importance the Greek RRP, especially in the light of the country's pressing challenges. In what comes to funds received, Greece has already received more than a third of its total allocation (36,4%), being second in the region in this metric, in relative terms. In spite of this standing, Greece does not fare well in what comes to milestones and targets met. Greece has only accomplished 13% of its proposed goals, even having already received more than a third of its total funding and having the smallest number of milestones and targets in Southern Europe (311). This means Greece is the Southern European country that has made the least progress in terms of accomplished objectives under the RRF's scope.

Italy is a particularly important case. Its RRP is the EUs largest, with €191,48 billion. This very large sum is quite important for Southern Europe, making it the Union's best funded region from the RRF. Regarding the funds that have already been made available to Italy, the country has already received more than a third of its allocation (34,93%). In terms of milestones and targets, it is Southern Europe's – and the EU's – most ambitious state, with a total of 527 proposed achievements, having already completed 18% of them.

Finally, Spain has shown the most advanced results in terms of its RRP implementation, mainly due to its shorter-term scope. The country received the EU's second largest fund allocation (€69,51 billion) without having the need to incur debt as part of its plan. Spain's fund concentration in the 2021-2023 period has made it the country in the EU that has so far received the highest share of its scheduled funding, with almost half of resources disbursed (44,65%). These resources have allowed the country to boast the EU's highest milestone and target achievement, with 22% of them already accomplished, tied with France, also with 22%.

One must also note that these differences in implementation do not necessarily mean that some countries are having a better performance than others. Each country has its own instalment schedule, which is dependent on milestone and target performance – which is also specific to each country. Additionally, Spain's plan, is focused on the first part of the implementation period, with 95% of funds being committed in its first three years. Others, like Portugal's and Greece's, have more uniform investment timelines, with large portions of milestones and targets being scheduled to be achieved by the later parts of the period. However, it is important to monitor each country's progress in order to better understand how it will be able to face ongoing and past challenges. Countries must meet their respective schedules in order to fully seize the opportunity granted by the funds' availability. Nevertheless, a final evaluation on the impact of each plan will only possible after the full implementation and respective reports by national competent entities.

Regarding Southern Europe's performance as a whole, the region stands out when comparing to the rest of the Union. From the data present in Annex V it is possible to verify that Southern Europe has a higher average percentage of RRF funding that has already been disbursed (36,74%), while the EU's average in this metric is almost half (16,79%). Under milestones and targets, Southern European plans have shown to be more ambitious than the EU average; while the first has an average of 429 proposed objectives, the latter has 226. As Southern Europe has already received more funds, it is no surprise that the region's average fulfilled milestones and targets is 17,5%, while the EU's average is 4,96%. Southern European countries have shown some of the highest RRP achievement rates in the Union. This higher fulfilment rate is a good sign for the region, especially when considering that currently being the third year of the implementation period, a total of 16 EU member states have yet to achieve a single milestone or target.

However, Southern Europe's participation in the RRF must also be highlighted, as it its countries are some of the most benefited from these funds. When summing up all Southern European RRP funds, the region received a total of €308,07 billion, of which €170,6 billion were in grants and €138,01 billion were in loans. These total funds allocated to the region correspond to 61,41% of all RRPs summed up, while its grants part is worth 50,57% of all grants, and its loans 83,46%. It is thus possible to conclude that Southern Europe, as a region, represents a very large portion of fund allocations under this program, receiving almost two thirds of total funds, half of the grants and more than four fifths of loans. Regarding the loans, which overwhelmingly benefit Southern Europe, it is worth saying that out of the 27 EU member-states, only 7 used this facility, 3 of them being Southern European nations, and the others being Cyprus, Poland, Romania, and Slovenia. With such a large representation of Southern Europe in the implementation of these funds, it is clear that a regional success in the RRPs' executions is essential for the overall success of the RRF and, consequently, to the recovery and transformation of the European economy.

Regarding the economic impact of said plans, they are overwhelmingly positive in all of Southern Europe, especially when comparing the expected results in 2026 to the base values of 2019. Unfortunately, Portugal's and Spain's plans do not provide predictions as precise and detailed as Greece's and Italy's, for the cumulative changes expected from 2019 to 2026. Most of the content under their plan's respective macroeconomic and social impacts chapters is qualitative and provides few numerical predictions. Furthermore, in the case of Spain, the country plans on investing the vast majority of funds by the end of 2023, thus, comparing the case with the rest, regarding the entire implementation period, would be an unfair assessment. In spite of these difficulties in data availability and standardization, general estimations are quite positive all four countries.

According to the Italian government[130], in its most favorable scenario, its RRP will increase GDP by up to 3,6%, employment by up to 3,2% and investment by 10,6%. Other important improvements include an increase in private consumption of 1,9%, an export increase of 2,7% and a real wage increase of 3,2%. These results are predicted to be even higher for Italy's south. Productivity is also expected to improve, while regional differences, youth and female unemployment are expected to be reduced. The Bank of Greece[136] also brings very positive predictions. Greece's RRP is expected to increase GDP by 7%, employment by 4% – creating between 180 and 200 thousand jobs – and private investment by 20%. Additionally, exports are expected to rise 8%, real wages 5,5% and the tax revenues to GDP ratio will increase 2,8%, bringing a much-needed fiscal space to the Greek state. Long-run estimations considering the impact of the digitalisation of the public administration, structural reforms, and productivity gains, increase even more the GDP forecast, to more than 10%. In Spain[126], the RRP is expected to increase GDP between 1,8% and 2,2% until 2024, which is until when the majority of investments will already have been made. Until 2026, 800 thousand new jobs are expected to be created, and in the long term, exports will increase by 0,2%. Additionally, public investment is expected to increase significantly during the period, doubling its value and stabilizing at 4% by 2026. The Portuguese plan[119] also shows positive results. Predictions made for 2025 estimate that Portugal's GDP will increase 3,5% and there will be and improvement of 1,5% on the budget surplus. In parallel, unemployment will decrease by 1,6% while jobs created will increase 1,4%.

Overall, Southern European countries predict considerable successes from the RRF's implementation. However, it is not possible to make a full comparison of the expected impacts as there is no sufficient data provided by Portugal and Spain. In spite of this, it is fair to say that Greece's performance should be underlined. In GDP and employment, the country shows the highest increase in relative terms. It is also worth noting that there are some issues in the way in which European funds are being used. According to Standard & Poors, Spain and Italy will need to ask for a prorrogation to use the economic support given by the EU, despite having until 2026 to use these funds. The rating agency attributes this delay to a series of administrative and structural issues, ranging from the bureaucratic processes created to handle the management of European funds to limited administrative abilities, compounded by high inflation rates and lack of qualified workers. The over-reliance on local administrations, such as municipalities, is a serious issue given these administrations reliance on an ageing workforce that's not tech-savvy. The condition is worsened by the limited number of workers given personnel cuts made over the last decade to save costs. Criminal use of funds shall also be taken into consideration. As of the last quarter of 2022, the European Public Prosecutor's Office was looking at 15 open investigations related to expenditure fraud in relation to the RRF; 9 of which had allegedly taken place in Italy. All things considered, these bottleneck issues can only be solved and proper use of the funds be made by investing in new hires and by diminishing the bureaucracy of these processes.

5. Conclusions

Southern Europe has witnessed many hardships in the last decade. From the effects of the financial crisis to more recently the Covid-19 pandemic and since early 2022, the war in Ukraine. But even in years where crises were absent, these four economies did not manage to produce remarkable results. Only twice, and only two of these countries managed to breach the 3% mark during the 2010-2021 period – Spain in 2015 with 3,8% and Portugal in 2017 with 3,5%. The fact these values are outliers in the growth timeline is worrying. Several rankings such as the ones presented clearly highlight some of the obstacles southern European growth prospects face, ranging from burdensome taxes and bureaucracy to the lack of favourable conditions for entrepreneurship and difficult access to credit. Besides these challenges, tourism, which is a pillar of southern European economies, is facing its own set of obstacles, requiring policies that safeguard its sustainability while also reducing its volatility, in order to make it more suitable for long term growth.

Economic growth conditions evidently affect the future prospects for anyone in said country, and the youngest generations, often the most highly educated to date, suffer the most if these are not appropriate. Southern European countries struggle with unemployment, but youth unemployment is even more worrying, facing higher values and consequently, constituting a large obstacle for the start of young adults' professional lives. This discouraging scenario is aggravated by the fact Southern European annual salaries are low, all of them under the EU average. These grim conditions result in the fact that young people in Southern European countries leave their parental homes the latest, with Portugal being the worst case in the Union, for example. All coupled, these factors contribute to a later start in adult life and the creation of families, lowering fertility rates and increasing the aging of the populations. Additionally, these countries tend to suffer from the emigration of their most skilled workers in a phenomenon currently referred to as "brain drain". In sum, the youth in Southern Europe needs specific policies directed at increasing their quality of life and improving their outlook on life in their home countries. Otherwise, current trends of disengagement from society and democratic erosion will continue, as well as the lack of economic growth.

As most challenges offer new opportunities, these opportunities also present their own set of challenges. This is the case of the fight against climate change, which made the search for innovative energy solutions and renewable sources an imperative for the future of every economy. Fortunately, Southern Europe possesses favourable conditions for this endeavour, and economic growth can allow additional investments in the energy transformation. However, much progress is yet to be made. Out of the four countries, only Portugal shows an exemplary performance in renewable energy production (in relative terms), with values on par with other European leaders in this domain. However, this challenge will not be fought solely on the national level, having the European Union committed several impactful measures to this cause. With the Green Deal's objective of carbon neutrality in 2050 in sight, the Fit For 55 package and namely the RED III initiative, will establish a 45% legally binding objective for the use of renewable energy. This environmental priority paired with geopolitical imperatives is bound to drive a considerable push for the decarbonization of European economies. In order not to miss this opportunity and available funds/projects while coordinating with their European counterparts, Southern Europe must lean on its natural advantages and make the necessary commitments and investments in order to turn the challenge posed by climate change into an economic opportunity lead by renewable energies.

This cooperative spirit must also be embodied in other domains. Trade is one of the EU's main competences and, through a proactive trade policy, preferential access to many international markets has bene guaranteed. EU member states benefit from special market access conditions to 54% of the world's markets, 25 trade deals are waiting for their adoption, another 23 have their negotiations temporarily paused and 5 are currently under negotiations. These constitute major economic opportunities, covering large consumer markets and wealth. For Southern Europe this is of particular importance considering that the average weight of trade in GDP in this region is 37,5%, falling under the EU average of 50,4%. This confirms the need for more export promotion efforts and trade intensification measures in the region. Additionally, the Union has proved that it considers trade more than the simple exchange of goods and services. Climate policy, such as the CBAM, and supply chain crisis management policy, such as the SMEI, confirm that adjacent domains can effectively impact the way trade is conducted, promising to alter competitiveness settings, national contingency mechanisms and the global impact of trade, both in its economic value and environmental sustainability.

In this context of great challenges and opportunities, the Next Generation EU program, in particular the Recovery and Resilience Facility, shows itself as a tool of extreme usefulness for Southern European countries. These are the most benefited EU countries from this facility, collectively receiving more than 60% of all the RRPs combined, 50% of all grants and 83% of all loans. These funds have allowed for the accomplishment of many of the proposed objectives, with the Southern European average of fulfilled milestones and goals at 16%, almost four times the EU average. This has allowed for a steady disbursement of new instalments of said funds for Southern Europe, allowing for an average of almost 34% of all RRP funds already disbursed, which is the double of the EU's average. Expected results in Southern Europe are also very positive, allowing for not only a full recovery from the Covid-19 by 2026, but also an increase in GDP compared to the base values of 2019. There is no doubt that the RRF is of great importance and will produce meaningful challenges. These will be witnessed on the macroeconomic results the countries are expected to verify during its implementation period, but also in the collective changes that are being promoted by the EU, namely the green and digital transitions.

Southern Europe faces a critical moment in its political choices. With difficult challenges hindering their outlook of a prosperous future, such as the lack of economic growth and the very difficult situations faced by their youngest generations, Portugal, Spain, Italy and Greece will have to show resilience and very good, honed, policymaking. This is even more relevant when considering the most recent opportunities created by the green revolution, with room for innovation and great transformations in our economies. Trade will also take an important role in increasing the markets easily accessible for Southern European businesses and giving them the necessary conditions to conduct further investments in their home countries. In any case, it is crucial to understand that no country will go through these obstacles and opportunities alone. The European Union is assuming very important roles in helping its member states achieve well placed targets, oriented for economic transformation and prosperity. This is also the case with the RRF, which if correctly executed, will provide major advances in many of the challenges currently faced by this region. Southern Europe's potential is immense, and if its main obstacles are overcome, and these opportunities among others are seized, the region will see its role in Europe and the world increase on par with the prosperity of its citizens.

6. Annexes

6.1. – Annex I – 2020 Ease of Doing Business Ranking for Spain, Portugal, Italy, and Greece

Economy	Ease of Doing Business Ranking	Rank within Group	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property
Spain	30	30	97	79	55	59
Portugal	39	39	63	60	52	35
Italy	58	58	98	97	38	26
Greece	79	79	11	86	40	156

Economy	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Spain	80	28	35	1	26	18
Portugal	119	61	43	1	38	15
Italy	119	51	128	1	122	21
Greece	119	37	72	34	146	72

Source: World Bank (2020)

6.2. – Annex II – 2022 Index of Economic Freedom for Portugal, Spain, Italy, and Greece

Economy	World Rank	2022 Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending
Portugal	31	70,8	89,9	92,1	67,8	60,4	39,5
Spain	41	68,2	87,7	74,3	67,2	59,7	38,3
Italy	57	65,4	81,7	78,6	57,3	57,7	20,6
Greece	77	61,5	76,0	69,9	52,3	59,9	17,9

Economy	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
Portugal	72,8	76,2	55,5	86,8	79,2	70	60
Spain	29,7	75,2	61,8	85,4	84,2	85	70
Italy	49,0	73,8	70,4	86,2	79,2	80	50
Greece	67,6	70,3	61,1	78,6	79,2	55	50

Source: The Heritage Foundation (2023)

6.3. – Annex III – Flash Eurobarometer 502 Results – Youth's Expectation From the EU: Youth and Democracy in the European Year of Youth: Portugal, Spain, Italy and Greece

	Youth's Expectation from the EU	Scores	
Countries	**Top Answered Solutions**	**National**	**EU**
Portugal	Increasing job opportunities for young people	42	33
	Fighting poverty and economic and social inequalities	38	32
	Preserving peace, reinforcing international security and promoting international cooperation	38	37
Spain	Increasing job opportunities for young people	42	33
	Fighting poverty and economic and social inequalities	35	32
	Preserving peace, reinforcing international security and promoting international cooperation	28	37
Italy	Increasing job opportunities for young people	41	33
	Preserving peace, reinforcing international security and promoting international cooperation	38	37
	Promoting environmentally friendly policy and fight climate change	32	31
Greece	Fighting poverty and economic and social inequalities	46	32
	Increasing job opportunities for young people	45	33
	Preserving peace, reinforcing international security and promoting international cooperation	42	37

Source: European Commission – Flash Eurobarometer (2022)

6.3. – Annex IV – Flash Eurobarometer 502 Results – Youth and Democracy in the European Year of Youth: Portugal, Spain, Italy and Greece

	Making young people's voice heard	Scores	
Countries	**Top Answered Solutions**	**National**	**EU**
Portugal	Voting in local, national or European elections	54	39
	Participating in student or youth organisations	32	23
	Participating in political movements, parties or unions	31	26
Spain	Voting in local, national or European elections	42	39
	Engaging in social media by expressing my opinion, using hashtags or changing my profile picture for example	30	30
	Participating in political movements, parties or unions	30	26
Italy	Voting in local, national or European elections	40	39
	Participating in student or youth organisations	29	25
	Taking part in a public consultation on proposed political initiatives (online or offline)	27	23
Greece	Fighting poverty and economic and social inequalities	45	32
	Improving education and training, including the free movement of students, apprentices, pupils, etc.	41	33
	Boosting employment and tackling unemployment	40	28

Source: European Commission – Flash Eurobarometer (2022)

6.3. – Annex V – EU Fund Disbursement, Milestones and Targets Progress by Country

	Fund Disbursement Progress (Billions €)					Milestones and Targets	
	Grants	Loans	Total Funds	Disbursed (€)	Disbursed (%)	Total Proposed	Fulfilled
SE Average	42,52	34,50	77,02	28,54	36,74%	429	17,50%
EU Average	12,45	23,62	18,58	5,34	16,79%	226	4,96%
Austria	3,46	0	3,46	0,45	13,01%	171	0,00%
Belgium	5,92	0	5,92	0,77	13,01%	210	0,00%
Bulgaria	6,26	0	6,26	1,37	21,88%	346	6,00%
Croatia	6,29	0	6,29	2,22	35,29%	372	16,00%
Cyprus	1	0,2	1,2	0,24	20,00%	271	5,00%
Czechia	7,03	0	7,03	0,91	12,94%	244	0,00%
Denmark	1,55	0	1,55	0,2	12,90%	77	0,00%
Estonia	0,96	0	0,96	0,12	12,50%	124	0,00%
Finland	2	0	2	0,27	13,50%	140	0,00%
France	39,36	0	39,36	12,52	31,81%	175	22,00%
Germany	25,61	0	25,61	2,25	8,79%	129	0,00%
Greece	17,77	12,72	30,49	11,1	36,41%	331	13,00%
Hungary	7,2	0	7,2	0	0,00%	49	0,00%
Ireland	0,98	0	0,98	0	0,00%	109	0,00%
Italy	68,88	122,6	191,48	66,89	34,93%	527	18,00%
Latvia	1,82	0	1,82	0,43	23,63%	214	4,00%
Lithuania	2,22	0	2,22	0,28	12,61%	191	0,00%
Luxembourg	0,09	0	0,09	0,01	11,11%	63	0,00%
Malta	0,31	0	0,31	0,04	12,90%	138	0,00%
Netherlands	4,7	0	4,7	0	0,00%	127	0,00%
Poland	23,85	11,5	35,35	0	0,00%	283	0,00%
Portugal	13,9	2,69	16,59	5,14	30,98%	441	17,00%
Romania	14,24	14,94	29,18	6,35	21,76%	507	4,00%
Slovakia	6,32	0	6,32	1,22	19,30%	196	7,00%
Slovenia	1,77	0,7	2,48	0,23	9,27%	208	0,00%
Spain	69,51	0	69,51	31,04	44,66%	416	22,00%
Sweden	3,28	0	3,28	0	0,00%	56	0,00%

Source: Own preparation. Data from: Recovery and Resilience Scoreboard (2023)
Note 1: The Loans' EU Average was calculated considering only those who resorted to this facility. Note 2: The data in this table is up to date as of the 21st of February 2023

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