

Learnings from the first half of the RFF horizon

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This presentation draws from the 2023/24 EIB Investment Report

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Main messages

1. So far, so good?

Stronger recovery in the most beneficent countries - RFF provides a boost to public investment - government investment partly shielded

2. Remaining challenges ahead?

Delays in the delivery – Quality of spending - Administrative bottlenecks

3. Which learning?

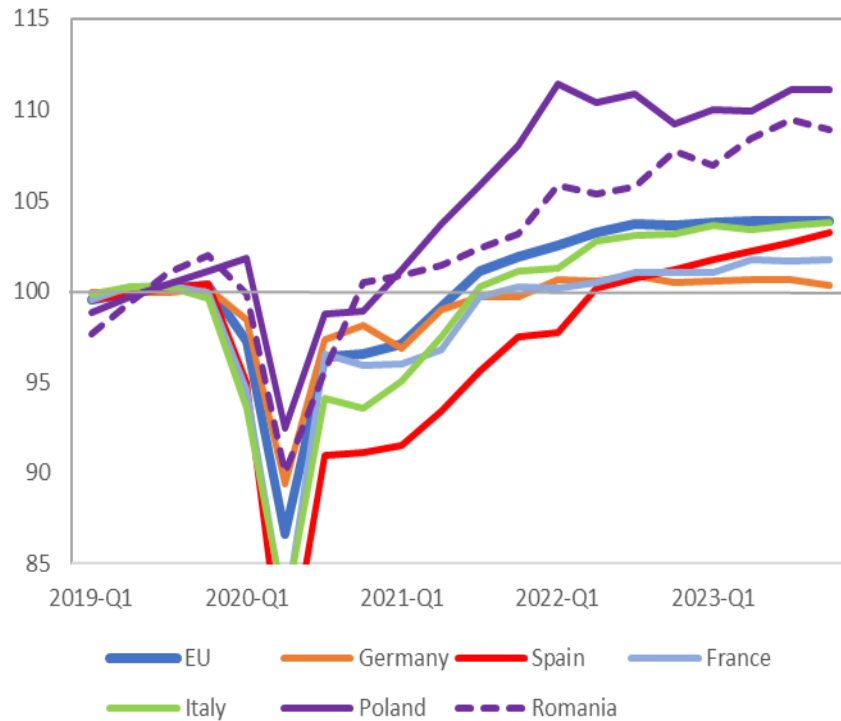
Long-term planning to raise long-term growth and transform the economy –
What about regulatory reforms? (Interaction with the cohesion funds?)

Survey based information suggest that reduced uncertainty/improved business environment/Enhanced market integration can also be instrumental

1. So far so good

Strong post-COVID-19 recovery

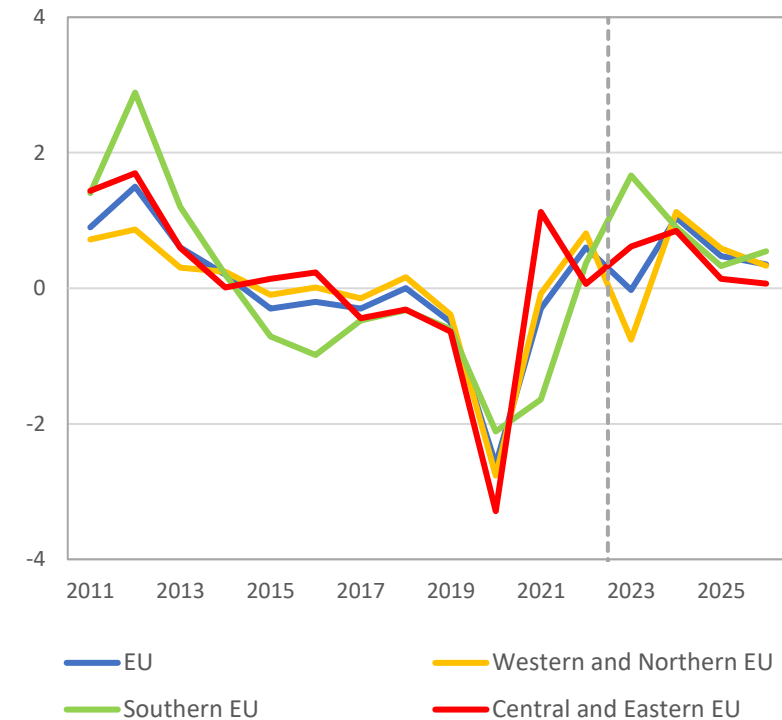
Real GDP (Index, 2019=100)



Source: EIB calculations based on Eurostat.

Note: Seasonally and calendar day adjusted data. Last record is 2023Q4.

Structural Primary Balance (% GDP)



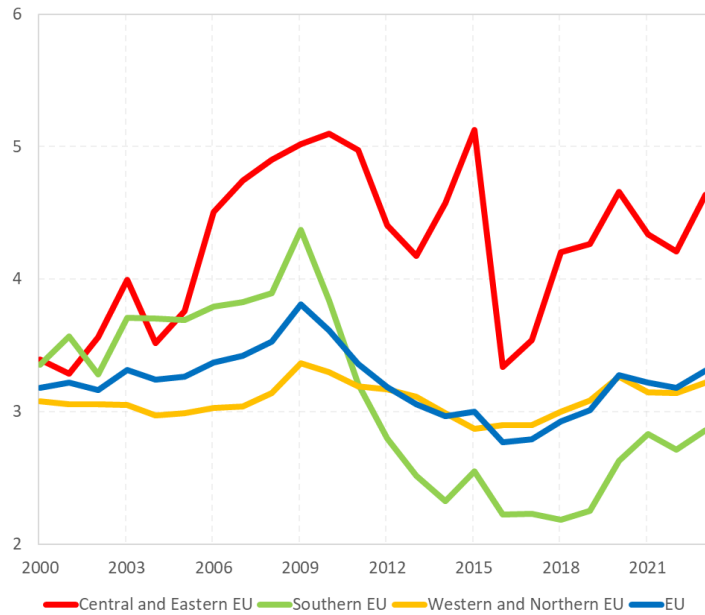
Source: EIB calculations based on AMECO and Stability and Convergence Programs.

Note: The vertical dashed line indicates the start of the projection period (in 2023 on the figure).

1. So far so good

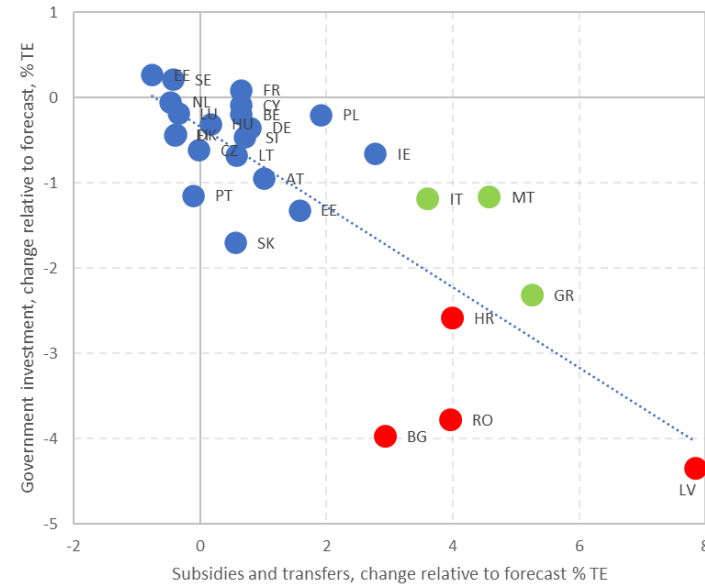
RRF to shield public investment

General government investment (% GDP)



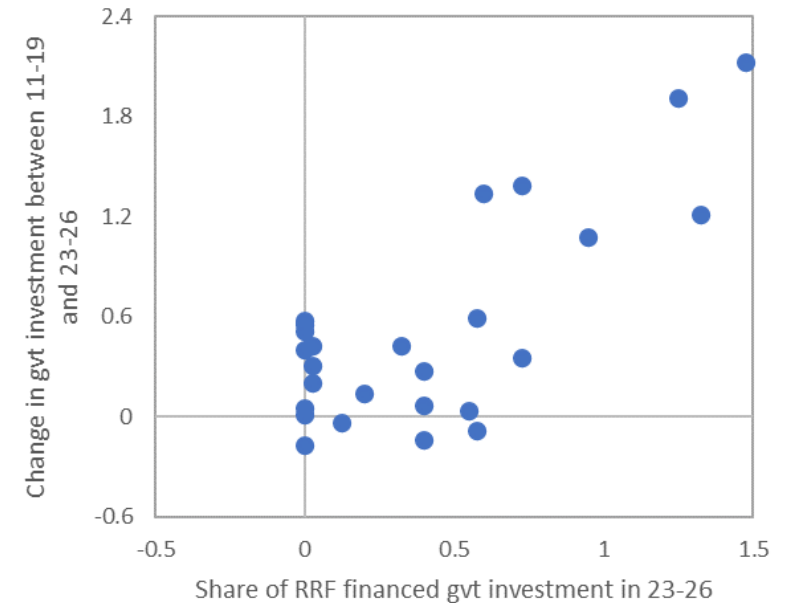
Source: EIB calculations based on Eurostat.
Note: Last record is 2022. 2023 based on the November 2023 EC forecast.

Unexpected changes in gvt investment and in subsidies and transfers (% total expenditures)



Source: AMECO database of the European Commission and EIB staff calculations.
Notes: Subsidies and transfers include the following expenditure categories: subsidies, transfers in kind to households and other transfers. Changes are differences between the 2022 record and its projection in the 2022 EC spring forecast

RRF expected to shield government investment

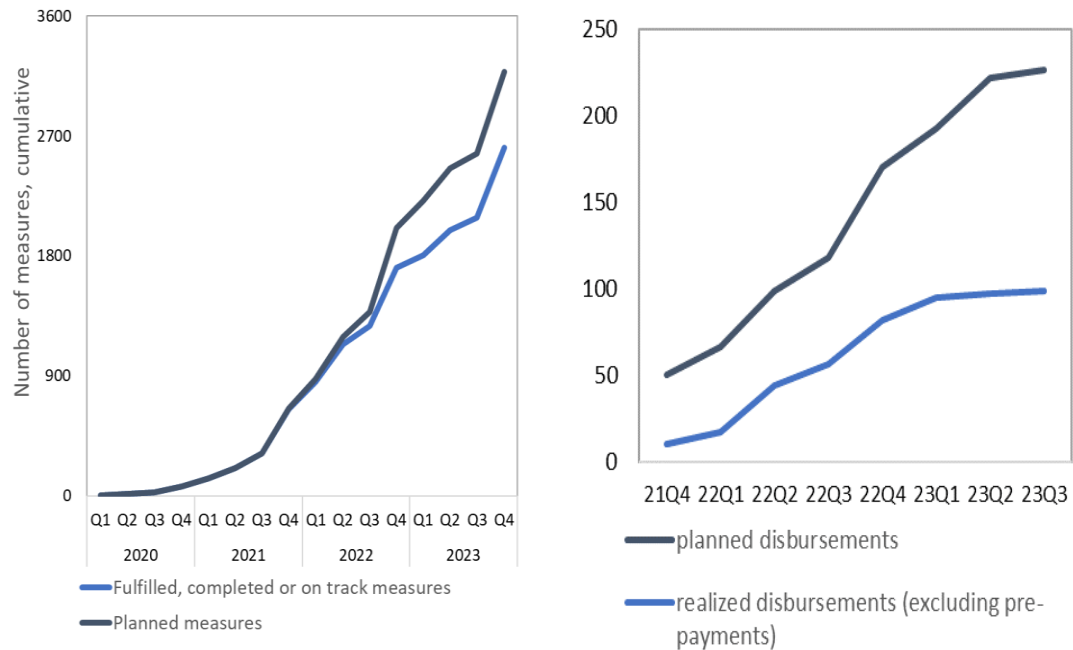


Source: EIB calculations based on AMECO and Stability and Convergence Programs.
Note: The vertical dashed line indicates the start of the projection period (in 2023 on the Figure).

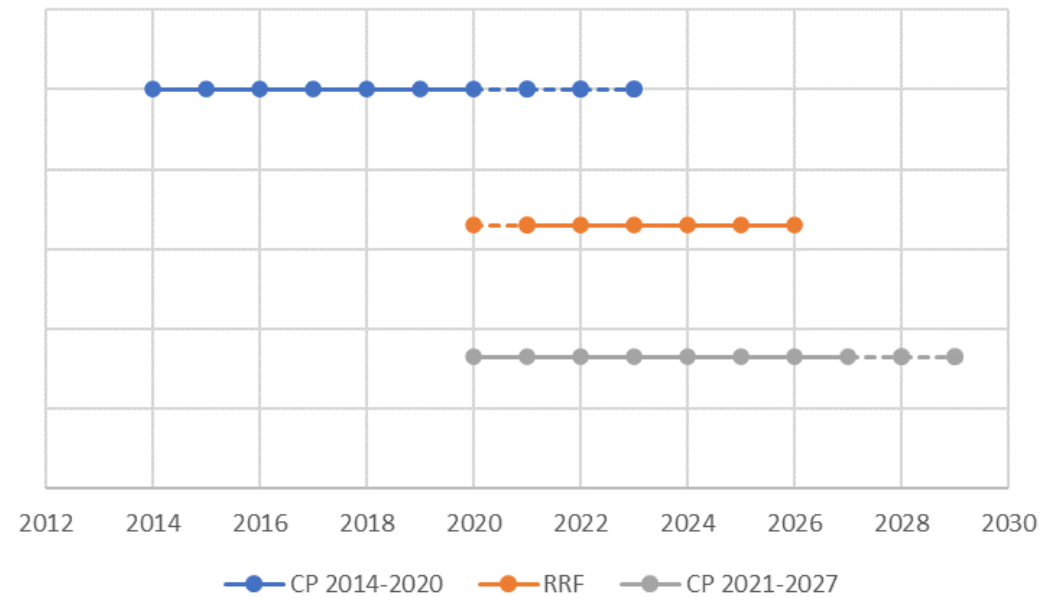
2. Remaining challenges ahead?

A gap is building up between plans and realizations in RRF implementation

(lhs: number of measures, rhs: disbursements in eur bn)



Overlapping implementation and size of RRF and Cohesion Policy funds might be problematic

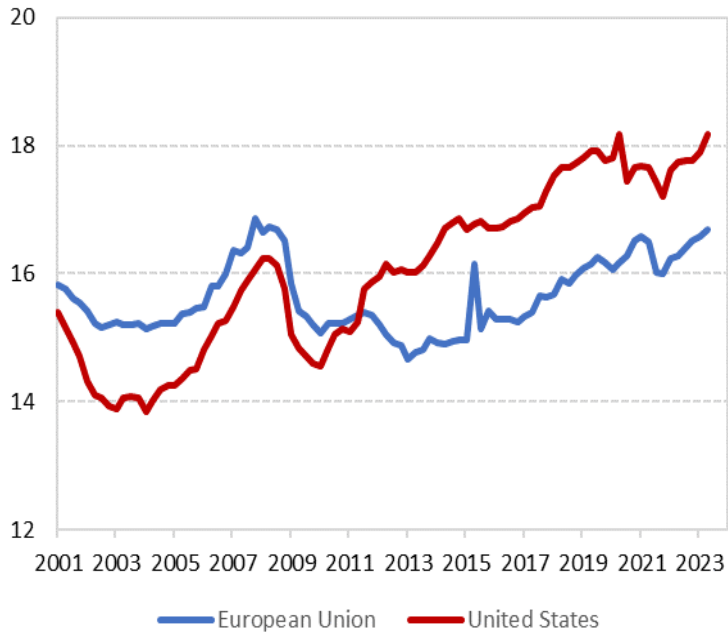


Source: EIB staff calculations based on member states self-reported data on RRF implementation, RRF Operational agreements, Recovery and resilience scoreboard.

Source: RRF scoreboard and Kohesio database.

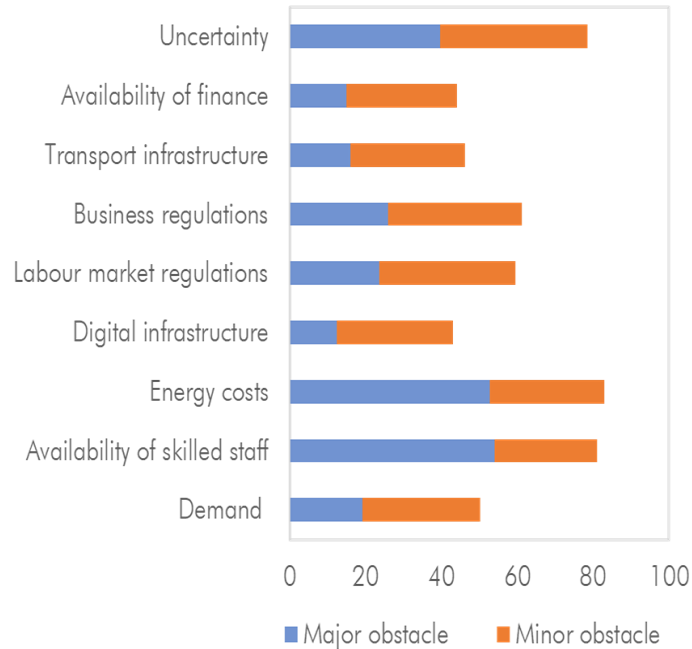
3. Which learning? Remove structural bottlenecks

Non-residential investment (% GDP)



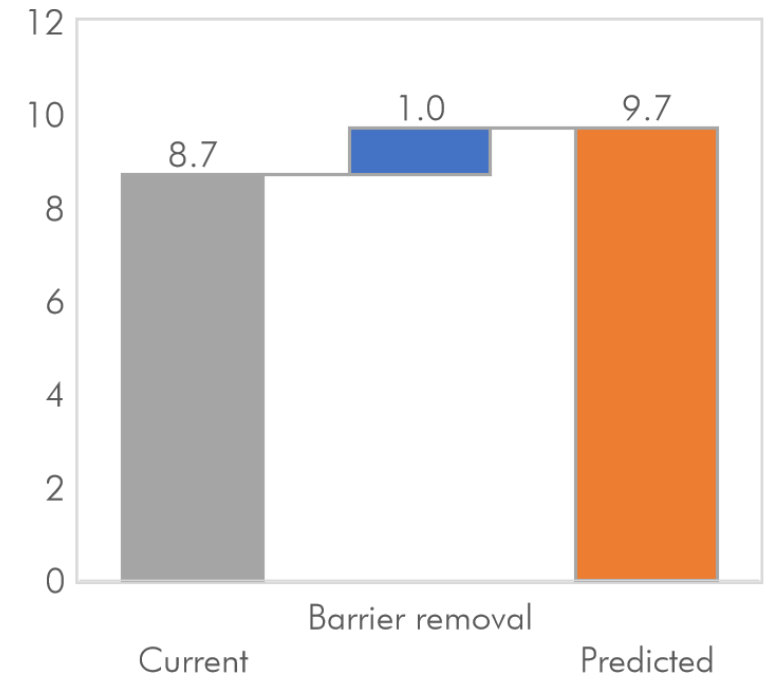
Source: EIB staff calculations based on Eurostat and Organisation for Economic Co-operation and Development (OECD) national accounts.
Note: European Union excluding Ireland. Productive investment includes all investment outside of residential investment.

Long-term barriers to investment (% of firms)



Source: EIB staff calculations and estimations based on ORBIS and the EIBIS.
Note: Chart on the rhs indicates. Firms' investment rate as % of total assets (from firms' balance sheet) and predicted effect of removing major barriers

Estimated effect of removing major barriers (Average investment intensity pp)



Main messages

- ✓ *RFF success story so far*
- ✓ *Some evidence that the facility catalyzes private investment*
- ✓ *Public investment protect but cannot do all – looking forward to rely more on private sources*

Enhanced market integration: Survey based information (EIBIS) suggest that reduced uncertainty/improved business environment/Enhanced market integration can also be instrumental to the transformation and competitiveness of the EU economy

THANK YOU



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