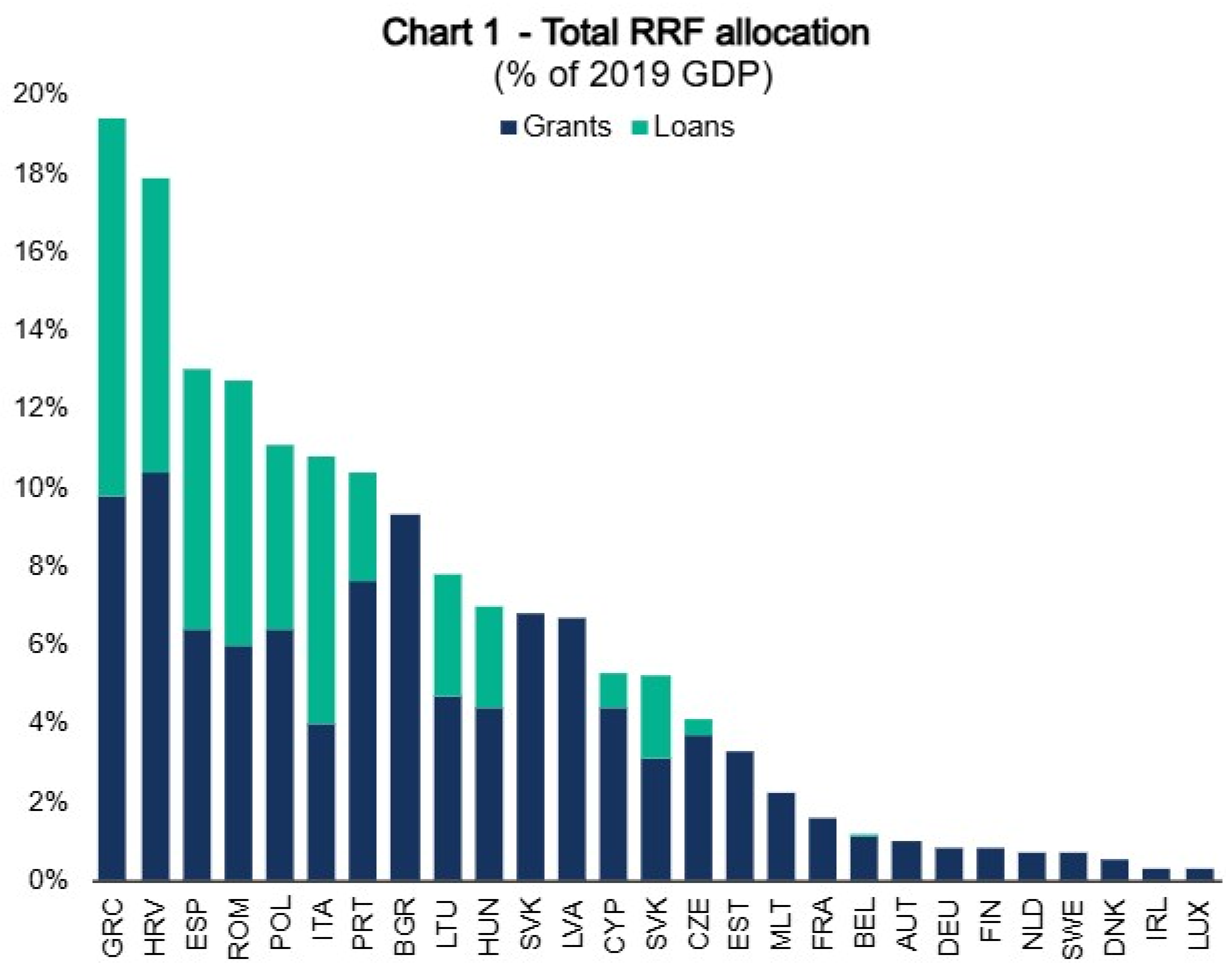
Nearly half of European recovery funds still unspent

Coface

As the NextGenerationEU program draws to a close, only 58% of the funds from the Recovery and Resilience Facility have been disbursed, leaving nearly €270 billion to be disbursed by the end of 2026. This under-absorption weakens the growth momentum and structural objectives set by the plan.

EU GDP forecasts 2025: 1.5%; 2026: 1.4%

- **€806.9 billion** : total size of NextGenerationEU, including €650 billion for the Recovery and Resilience Facility
- **58%** : share of RRF funds already disbursed at European level (≈ €270 billion still to be disbursed by the end of 2026)
- **+0.4%/year** : average EU GDP gain for 2020-2030 initially expected by the Commission — ultimately lower given delays in absorption



[Data source for the graph in .xlsx format (26 Ko)]

An ambitious program considering the reality of disbursements

Launched in 2021, the NextGenerationEU (NGEU) program was designed to enable the European Union to overcome the Covid-19 crisis and support structural transformation through an unprecedented €806.9 billion recovery plan. Its main pillar, the Recovery and Resilience Facility (RRF), aims to finance projects in six key areas, including the green and digital transition.

By early 2026, only 58% of the funds had been disbursed, and an even smaller proportion had actually been spent, jeopardizing expected short- and long-term growth.

Multiple obstacles to the absorption of funds

The delays are due to administrative bottlenecks, limited implementation capacity, and changing political contexts. The war in Ukraine, the energy crisis, and inflation have forced countries to revise their plans, slowing down disbursements. The reforms required in exchange for the funds, which are sometimes unpopular, have been delayed or renegotiated, as in Spain and Italy.

Furthermore, some countries may consider EU loans less advantageous than financial markets, such as Spain, which has announced that it will forego €67 billion of the €83 billion in ERF loans thanks to its improved credit profile.

A mixed economic impact

While countries such as Greece, Croatia, Italy, and Portugal have made the most of the funds given the progress of disbursements to date, the overall impact on European GDP will be lower than expected. According to estimates, annual growth could have been, on average, 0.4% higher between 2020 and 2030 if the funds had been fully utilized. But the race against time is pushing governments to favor projects that are easy to implement, at the expense of high value-added structural reforms.

> Behind the unprecedented amounts of the European recovery plan, it is execution that makes the difference. Under-utilization or misallocation of funds—through investment and reform projects—would compromise their potential to stimulate growth in the short and long term in an already constrained fiscal environment.

says Laurine **Pividal**, Coface economist for Southern Europe.

After 2026: partial but targeted relief

The gap left by the end of the NGEU could be partially offset by other instruments, including SAFE loans from the Readiness 2030 program (€150 billion over 2026-2030) for armaments.

However, their sectoral scope (defense industry) and less stringent rules (35% of funding may be allocated to products from a third country outside the EU, EEA, EFTA, and Ukraine) limit the macroeconomic effect compared to the diversification and structural objectives of the NGEU.

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