Review
02

EN

Performance-orientation, accountability and transparency – lessons to be learned from the weaknesses of the RRF

EUROPEAN
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OF AUDITORS

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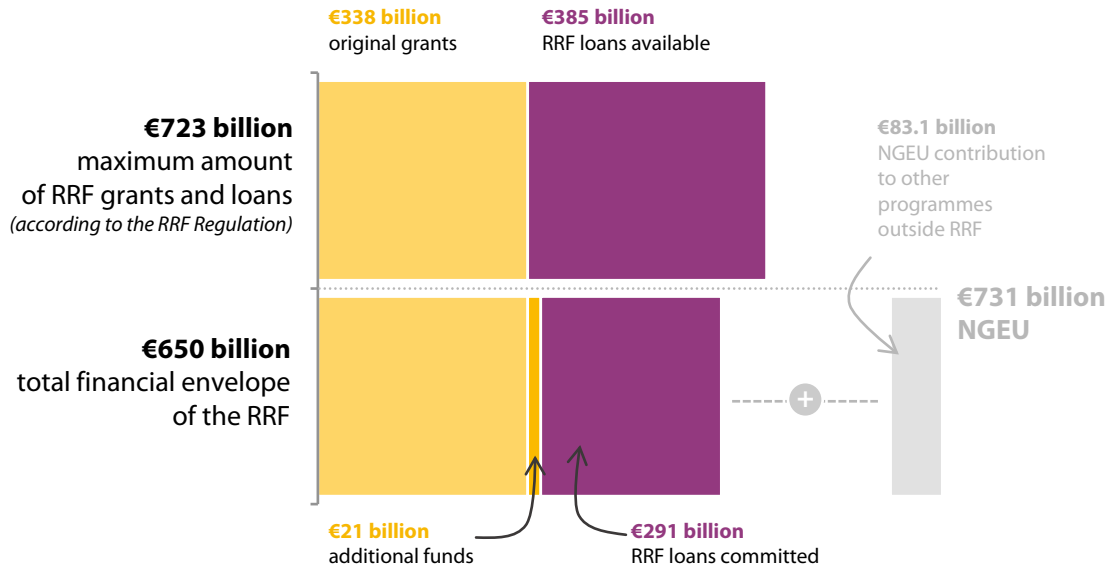
Main messages

Why this area is important

01 In December 2020, during the acute crisis caused by the COVID-19 pandemic, the Council adopted the NextGenerationEU (NGEU) instrument, worth more than €800 billion (in current prices). It was established within a very short timeframe as a one-off, temporary instrument additional to the 2021-2027 multi-annual financial framework, financed through common borrowing.

02 The Recovery and Resilience Facility (RRF) is the main component of NGEU and the EU's main budgetary response to the COVID-19 crisis. It was established with an initial budget of €723.8 billion (in grants and loans), of which €650 billion had been committed by the end of 2024, as a number of member states decided not to use the loan component allocated to them (see ***Figure 1***).

Figure 1 – The NGEU budget as of end-2024



Source: ECA, based on the Commission's Recovery and Resilience Scoreboard.

03 The RRF's general objective is to promote the EU's economic, social and territorial cohesion by improving its resilience, crisis preparedness and growth potential, and to mitigate the social and economic impact of the COVID-19 pandemic, including supporting the green and digital transitions. The RRF's specific objective is to provide funding to the member states based on the satisfactory fulfilment of milestones or targets set out in their recovery and resilience plans (RRPs) through the implementation of reforms and investments.

04 The Commission implements the RRF under direct management, with the member states as beneficiaries (in the case of grants) and borrowers (in the case of loans) of funds. The RRF finances measures (reforms and investments) in EU member states taking place between February 2020 (the start of the pandemic) and August 2026. To benefit from the RRF, member states submitted RRPs that were assessed by the Commission and approved by the Council. The RRPs set out measures that contribute to addressing the challenges identified in country-specific recommendations under the EU's economic and social policy coordination framework, known as the European Semester.

05 To achieve its objectives, the RRF provides financial support to member states, which use these funds to implement measures under six pillars. While the implementation of each measure is assessed on the basis of (qualitative) milestones and/or (quantitative) targets, common indicators have been defined for the purpose of reporting on progress and monitoring and evaluating the RRF towards the achievement of its general and specific objectives, and therefore providing information on the progress of the RRF as a whole.

06 The RRF is an instrument based on "financing not linked to costs", meaning that, apart from pre-financing, all payments are based on member states' achievement of relevant milestones and targets. While the compliance of RRF spending with all applicable EU and national rules is not a condition for a member state to receive payment, member states, together with the Commission, need to ensure the protection of the EU's financial interests in line with their responsibilities, with the Commission being ultimately responsible.

07 The RRF has several features that distinguish it from other EU instruments:

- although it is implemented under direct management by the Commission, the Council is required to approve the RRPs and payment requests, with member states as beneficiaries;
- it marks the first time the "financing not linked to costs" model has been implemented on a large scale, and payments are conditional upon the satisfactory fulfilment of previously agreed milestones and targets rather than being based on cost reimbursement;
- it finances measures linked to the country-specific challenges identified under the European Semester, and therefore includes reforms in addition to investments;

- it is financed almost entirely by borrowing from the markets and around half of the funding is provided to member states in the form of loans;
- there is no legal requirement for co-financing, and the maximum allocation to a member state is limited to the total estimated costs of measures included in its RRP.

What we found and lessons for the next multiannual financial framework

08 Our review synthesises the main findings and observations set out in our audits, reviews, annual report chapters and opinions on the RRF published up until April 2025. We focus on three key aspects:

- the design of the RRF as a performance-based instrument;
- assurance on the regularity of payments and the protection of the EU's financial interests;
- implementation as of the end of 2024.

09 The aim of this review is twofold: (i) providing our stakeholders with an overview of key observations from our work on the RRF; and (ii) contributing to the ongoing discussion on the post-2027 multiannual financial framework, in particular with regard to any future instruments based on financing not linked to costs. The RRF plays a crucial role in the post-pandemic recovery, and in our reports we have made observations about its effectiveness, accountability and implementation.

Financing not linked to costs does not, in itself, make the RRF a performance-based instrument

10 The RRF Regulation refers to the "performance-based nature" on the basis that the Commission's payments to member states are based on the satisfactory fulfilment of milestones and targets, rather than the reimbursement of eligible expenditure. The RRF Regulation does not define "performance", however. According to our definition, and in line with the Financial Regulation, performance is a measure of the extent to which an EU-funded action, project or programme has met its objectives and provides value for money (see paragraph ***24***).

11 The Commission explained that the intention of the co-legislators, embedded in the RRF regulation and the 2018 Financial Regulation[1], was that a contribution taking the form of financing not linked to costs based on the achievement of results measured by reference to previously set milestones is performance-based financing. However, financing not linked to costs does not, in itself, make the instrument performance-based. We consider that the RRF is not a performance-based instrument as it focuses on implementation progress rather than performance, given that:

- milestones and targets provide information on progress in the implementation of RRF-funded measures but focus on outputs rather than results, vary in ambition, sometimes lack clarity and do not always cover a measure's key implementation stages, including completion (see paragraphs ***24***-***30***);

- common indicators mainly refer to output, cover the six pillars to only a limited extent, and are not well aligned with the EU objectives in the relevant policy areas (e.g. the green and digital transitions). Neither baselines nor expected targets were set for these common indicators (see paragraphs ***31***-***34***);

- the efficiency of resource use, and therefore value for money, cannot be assessed given that the Commission does not collect or use information on actual costs (see paragraphs ***35***-***37***).

12 We noted that the Commission's assessment of the RRPs, which are the basis for any RRF funding, was appropriate overall given the restrictive timeframe. However, the approach to defining milestones and targets, whose satisfactory fulfilment is the condition for payment differs among member states. The lack of a harmonised approach affects comparability among member states and poses a risk of unequal treatment (see paragraph ***30***).

13 The RRF covers objectives in a wide range of policy areas, which increases the risk of overlaps with other EU instruments and of lack of focus. Furthermore, the allocation keys for the distribution of funds to member states do not necessarily reflect the RRF's objectives nor member states' specific challenges and investment needs (see paragraph ***31***).

14 Reporting on the progress in implementation through the RRF's Recovery and Resilience Scoreboard is user-friendly but affected by data quality issues and lacks

[1] Recital 53 of the RRF Regulation and recital 56 and Article 125(1), point (a) of the Financial Regulation.

focus on performance and transparency in certain respects. In particular, reporting is based on estimated costs or unit values rather than on actual costs, and the Commission only performs basic plausibility checks (see paragraphs ***38***-***42***).

Lessons for future performance-based instruments

For future performance-based instruments, it is important that:

- funding is clearly linked to results. If this is not possible, such a system should not be applied;
- performance-orientation goes beyond specifying payment conditions, such as milestones and targets, and includes all elements needed for the assessment of effectiveness and efficiency, including information on actual costs;
- payment conditions are defined in a harmonised way and applied consistently to all member states to ensure equal treatment;
- the instruments' scope and objectives are clearly defined to maximise the impact of EU funding and avoid overlaps between different programmes. Furthermore, these objectives need to be reflected in the allocation of funding;
- timely and transparent information is provided about what contribution funding has made towards achieving the instrument's objectives, and how.

The RRF compliance framework and rules for the protection of the EU's financial interests are not sufficiently robust

15 Both the Commission and the member states are required to ensure the protection of EU's financial interests in the implementation of the RRF, with the Commission being ultimately responsible. Despite the quick setting-up of comprehensive *ex ante* verifications and improvements in the Commission's audit work, we consider that the RRF does not have a sufficiently robust compliance framework and there are some challenges in ensuring the protection of the EU's financial interests (see paragraphs ***43***-***73***).

16 Compliance with EU and national rules is not a condition for payment for RRF. Our assessment of regularity is therefore limited to checking the fulfilment of pre-defined conditions, and does not cover final recipients' actual use of EU money (see paragraphs ***43***-***46***).

17 Our audit work in the context of our statement of assurance resulted in a clean opinion on RRF expenditure for the 2021 financial year but a qualified opinion for 2022 and 2023. Most of the errors with financial impact that we detected related to:

- milestones and targets not satisfactorily fulfilled;
- non-compliance with the eligibility period; or
- substitution of recurring national budgetary expenditure.

Ambiguities in the RRF legal framework and vaguely defined milestones and targets led to differing interpretations of the legal requirements, thus contributing to the frequency of the types of errors mentioned above (see paragraphs ***50***-***51***).

18 The Commission mainly relies on the member states' systems to prevent, detect and correct cases of serious irregularities and non-compliance with EU and national rules, even though these systems have some weaknesses. We noted that control systems were not in place in all member states at the time the RRF's implementation started, which led to the introduction of control milestones. In addition, systems set up by the Commission and the member states are not yet sufficient to adequately mitigate the increased risk of double funding between the RRF and other EU funds (see paragraphs ***52***-***54*** and ***58***-***68***).

19 The Commission has established a method for reducing the RRF's financial contributions to a member state in cases of non-fulfilment of milestones and targets. This methodology relies on a number of judgements, potentially leading to different interpretations. Furthermore, the Commission has to take corrective action in cases of serious irregularities and system weaknesses but cannot make corrections for individual breaches of public procurement rules except in cases of serious irregularities. This means that RRF payments can be made in full even when public procurement irregularities have occurred. In addition, there is no provision under the current rules for the Commission to address reversals of previously fulfilled milestones and targets after 2026 (see paragraphs ***69***-***73*** and paragraphs ***55***-***57***).

Lessons for future performance-based instruments

For future performance-based instruments, it is essential that they are not designed and implemented in a way that is detrimental to accountability. It is therefore important that:

- the supervision and control responsibilities of both the Commission and the member states are clearly defined to ensure proper accountability, transparency and compliance with EU and national rules;
- appropriate control systems are in place in the member states and checked by the Commission before implementation starts. This involves defining minimum requirements for member states' controls and the Commission's checks. If controls entail reliance on existing member state systems, the assurance to be provided by the Commission needs to also cover the effectiveness of those systems;
- the legal framework defines all payment and eligibility conditions clearly and comprehensively, based on objectively verifiable criteria. It is important that the assessment of compliance with these criteria does not allow for deviations, in order to reduce the risk of differing interpretations and discretionary assessments of legal requirements;
- the payment suspension methodology is based on objective criteria rather than subjective considerations;
- the conditions for member states to receive payment include compliance with EU and national rules;
- corrective measures for breaches of EU and national rules are defined by the Commission and applied consistently to all member states;
- the definition of double funding and the related control requirements are adjusted to reflect the specific nature of the "financing not linked to the costs" model.

Implementation is progressing with delays, and risks remain with regard to the completion of measures, results and financing

20 Pre-financing facilitated the disbursement of funds initially, but implementation is facing delays despite RRP amendments (see paragraphs ***74-83***). The bulk of RRF measures will need to be completed by August 2026, when the RRF's implementation period ends. This may be further complicated by the fact that later stages of implementation, and particularly the completion of a measure, are often more challenging than earlier ones (see paragraphs ***84-86***).

21 We noted that the RRF was designed in such a way that disbursements did not necessarily reflect implementation progress. Allocations to member states are calculated based on the RRF Regulation. However, payment profiles (a table setting out how much member states will receive based on the satisfactory fulfilment of milestones and targets and the indicative timeline) are a result of negotiations with the member state concerned. For some member states, this leads to a significant proportion of funding being paid before measures are completed. This poses a risk to the EU's financial interests, given that the RRF Regulation does not provide the possibility of recovering funds in cases EU funds have not been spent in line with EU or national rules or where measures have not been completed (see paragraphs ***84***-***88***). Moreover, the term "final recipient" is not always used consistently and the disbursement of funds to member states does not mean that they have reached the final recipients and the real economy (see paragraphs ***89***-***90***).

22 Our audits showed that the sampled measures have generally achieved their expected outputs, but only around half have produced results so far (see paragraphs ***91***-***93***). Furthermore, as the Commission does not monitor actual costs, it cannot assess the share of expenditure in RRPs contributing to these objectives, including the green and digital transitions (see paragraphs ***94***-***97***). Finally, the RRF's contribution to the higher-level EU objectives or to addressing structural challenges identified in country-specific recommendations has been limited so far (see paragraphs ***98***-***102***).

23 The RRF is almost entirely funded through borrowing on the market. The Commission rapidly and successfully set up a mechanism to raise funds for the RRF, but rising financing costs will put pressure on future EU budgets and borrowing creates additional risks. NGEU borrowing may more than double by 2026 while the repayment of these funds has been deferred to future multiannual financial frameworks (see paragraphs ***103***-***107***).

Lessons for future performance-based instruments

For future performance-based instruments, it is important that:

- the measures funded address challenges identified, for example in the context of the European Semester, and sufficiently cover the instrument's key objectives.
- the instrument's timeframe matches its objectives and the likely implementation period of the measures funded. Moreover, mechanisms need to be in place to ensure their completion;
- disbursements reflect the progress made towards the instrument's objectives, to reduce the risk of funding not being proportionate to the results achieved;
- the legal framework includes the possibility of recovering funding, in cases where it is disproportionate to achievements or where it has not been spent in line with the EU or national rules;
- if the possibility of borrowing is considered, interest-related risks in particular are sufficiently mitigated and a plan for repaying loans is set out in advance, identifying where this money will come from.

A closer look at our observations

Financing not linked to costs does not, in itself, make the RRF a performance-based instrument

The RRF focuses on implementation progress rather than performance

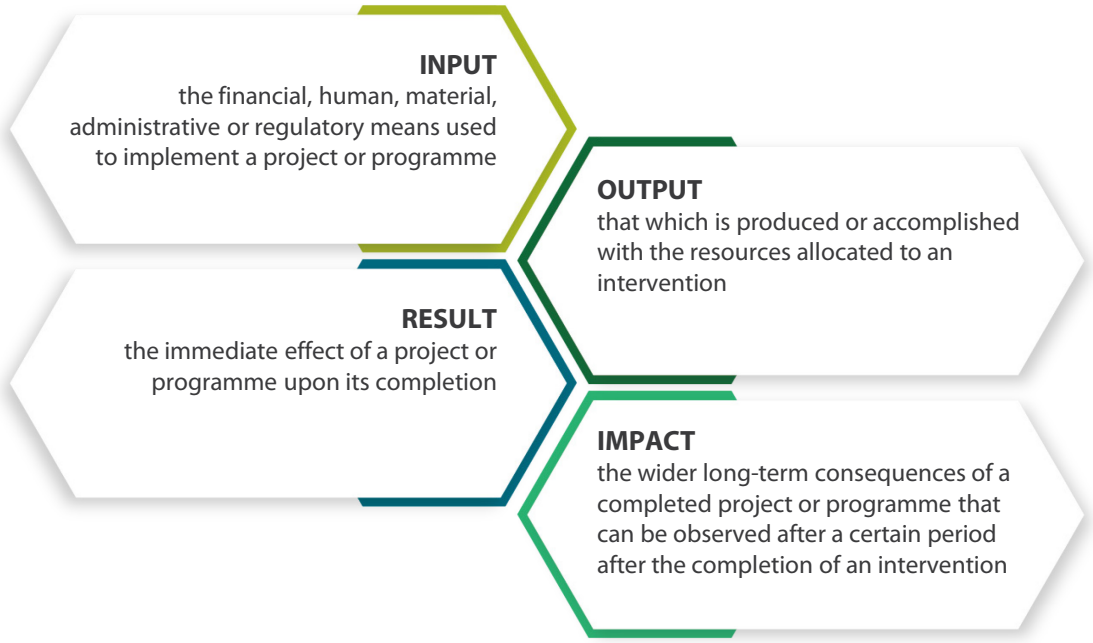
24 The RRF Regulation refers to the RRF's "performance-based nature"[2] on the basis that the Commission's payments to member states are based on the satisfactory fulfilment of milestones and targets, rather than the reimbursement of eligible expenditure. However, it does not define the term "performance". According to the ECA's definition, and in line with the Financial Regulation, performance is a measure of the extent to which an EU-funded action, project or programme has met its objectives and provides value for money[3].

25 In line with the Financial Regulation, we define input, output, result and impact as shown in ***Figure 2***.

[2] Recital 53 to the RRF Regulation.

[3] Special report 26/2023: "The Recovery and Resilience Facility's performance monitoring framework Measuring implementation progress but not sufficient to capture performance", paragraph 24-25.

Figure 2 – Classification of input, output, result and impact



Source: Special report 26/2023, Figure 3.

26 The structure established to monitor and report on the RRF's implementation and performance consists of the following main elements[4]:

- milestones and targets, which are defined in Council implementing decisions for each reform and investment and form the basis for the disbursement of funds;
- common indicators, mainly used to report on the RRF's progress towards its general and specific objectives;
- different reports by member states and the Commission, including on the RRF Scoreboard, on the progress made in implementing the RRF.

Milestones and targets measure implementation progress rather than performance

27 Milestones and targets measure the implementation of the specific reforms and investments included in the RRPs, and therefore the achievement of the RRF's specific objective (see paragraph ***04***). In previous reports, we concluded that the Commission's assessment of the RRPs was appropriate overall given the complexity of the process and the time constraints[5], and that milestones and targets were generally suited to

[4] Special report 26/2023, paragraph 7.

[5] Special report 21/2022, paragraph IV and 112.

measuring implementation progress[6]. However, we found that they sometimes lacked clarity. The absence of clear milestones and targets implies the risk that these milestones and targets are difficult to assess, which in turn poses the risk of the RRF's initial objective not being achieved[7].

28 We also noted that milestones and targets were mainly output-oriented (e.g. number of buildings renovated, kilometres of railways constructed or charging stations installed) or even input-oriented (e.g. referring to completing a specific administrative step, hiring staff or spending a certain amount of funds)[8]. In addition, they only assessed the achievement of a specific measure and generally would not provide sufficient information on its contribution to the RRF's general objective[9].

29 In two previous reports, we also found that milestones and targets did not always fully cover the key stages of implementation or all elements of a measure, and in particular its completion. It would therefore not be possible to assess, based on their final milestones or targets alone, whether those measures had been successfully completed and whether the expected outputs and results had been achieved[10]. The Commission considers that there is no requirement in the RRF Regulation for milestones and targets to cover the completion of measures.

30 Furthermore, final milestones and targets can vary among RRPs in their level of ambition for similar projects (see ***Figure 3***). More specifically, we noted the lack of a harmonised approach to setting milestones and targets, which affects comparability among member states and poses a risk of unequal treatment[11].

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6 Special report 26/2023, paragraph 27-29.

7 Special report 21/2022, paragraph 82.

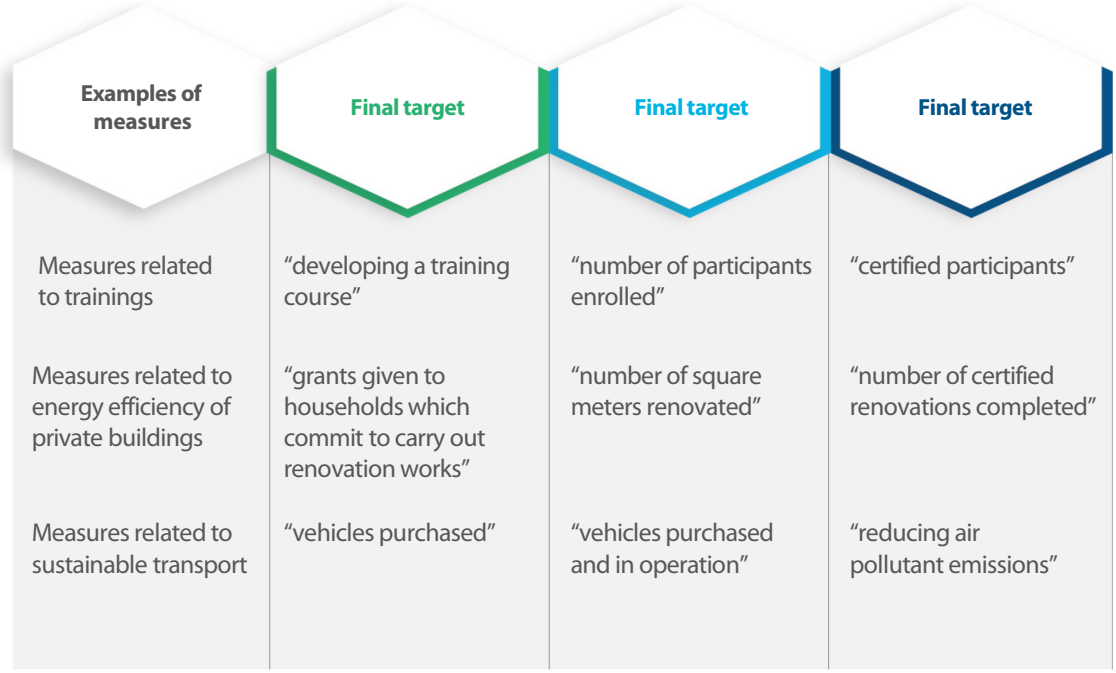
8 Special report 21/2022, paragraph 88; special report 26/2023, paragraph 36; and European Parliament, "First lessons from the Recovery and Resilience Facility for the EU economic governance framework", section 3.3.

9 Special report 26/2023, paragraph 36.

10 Ibid., paragraphs 30-32.

11 Special report 21/2022, paragraph 90.

Figure 3 – Examples of targets with different levels of ambition for similar measures



Source: Special report 26/2023, Box 1.

Common indicators only partially measure the achievement of the RRF's objectives

31 The Commission adopted common indicators for the purpose of reporting on progress and monitoring and evaluating the RRF towards the achievement of its general and specific objectives[12], and therefore providing information on the progress of the RRF as a whole. We noted previously that the RRF's objectives were rather broad and covered a wide range of policy areas, partly overlapped with other funding instruments and were not fully reflected in the allocation of financial contributions[13].

[12] Article 29(4)(a) of the RRF Regulation and Article 1(f) of the Commission Delegated Regulation (EU) 2021/2106.

[13] Opinion 04/2022 paragraphs 7, 32-33 concerning the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814 [2022/0164 (COD)].

32 In a previous report, we found that common indicators covered the RRF's general and specific objectives only partially, given that[14]:

- they also mainly referred to output, with only 4 of the 14 common indicators measuring results and none explicitly referring to impact (see ***Figure 4***);
- common indicators did not fully cover the RRF's six pillars;
- 36 % of the reforms and investments included in member states' RRPs were not linked to a common indicator.

Figure 4 – ECA classification of the common indicators

MEASURING RESULTS		NOT MEASURING RESULTS	
1	Savings in annual primary energy consumption	2	Additional operational capacity for renewable energy
4	Population benefitting from protection measures against floods, wildfires, and other climate related disasters	3	Alternative fuels infrastructure (refuelling/recharging points)
7	Users of new/upgraded public digital services, products and processes	5	Additional dwellings with internet access provided via very high-capacity networks
11	Number of people in employment or engaged in job searching activities	6	Enterprises supported to develop digital products, services and applications
		8	Researchers working in supported research facilities
		9	Enterprises supported (of which small – including micro, medium, large)
		10	Number of participants in education or training
		12	Capacity of new or modernized health care facilities
		13	Classroom capacity of new or modernized childcare and education facilities
		14	Number of young people receiving support

Source: Special report 26/2023, Figure 8.

[14] Special report 26/2023, paragraphs 41-48.

33 Furthermore, we found that the common indicators for the green and digital pillars were not well aligned with the objectives in the relevant policy areas. In particular:

- green transition – the four indicators are not designed to track the performance of individual measures in terms of climate and environmental impacts[15];
- digital transformation – the four common indicators for the digital pillar focus mostly on outputs and are not well aligned with relevant policy objectives, such as those of the Digital Decade Policy Programme 2030[16].

34 Due to these limitations, the common indicators are only partially appropriate for monitoring and assessing the RRF's performance[17]. Furthermore, their lack of alignment with the relevant policy objectives will limit their contribution to any assessment of the degree to which the RRF has contributed to the EU's green and digital transitions.

Efficiency cannot be measured as the Commission does not collect information on actual costs

35 The Financial Regulation defines efficiency as "the best relationship between the resources employed, the activities undertaken and the achievement of objectives"[18]. The lack of information on actual expenditure financed by the RRF limits the assessment of efficiency[19].

36 For the RRF, the Commission reports on costs mainly on the Recovery and Resilience Scoreboard[20] ("the Scoreboard"), in the annual reports[21] and in the evaluation report[22] (which should assess the efficiency of resource use). In practice, however, all costing information is based on estimated costs or unit values (see

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15 Special report 14/2024, paragraphs 24 and 52.

16 Special report 13/2025, paragraph 64-68.

17 Special report 26/2023, paragraph 96.

18 Article 33(1)(b) of the Regulation (EU, Euratom) 2018/1046.

19 Special report 26/2023, paragraph 102 and recommendation 4(b).

20 Article 30 of the RRF Regulation.

21 Ibid., Article 31(3)(c).

22 Ibid., Article 32(2).

paragraph ***39***) as the Commission does not collect or use information on actual expenditure[23].

37 We noted that, in the context of high inflation and pandemic-induced supply shortages, cost overruns were affecting the implementation of many RRF measures, as highlighted by the Commission in its mid-term evaluation of the RRF[24]. However, in our special report on RRF support for the digital transition, we found cases where estimated costs exceeded actual costs (see ***Box 1***).

Box 1

Example of estimated costs exceeding actual costs

In **France**, for the measure "Digital upgrade of the State and the territories", the target was satisfactorily fulfilled. However, while the estimated costs were €500 million, the actual costs were €368 million (26 % lower). France nevertheless received the full funding based on the estimated cost of the measure.

Source: Special report 13/2025, paragraph 47.

RRF reporting is user-friendly, but provides limited information on performance and faces risks in relation to data reliability

38 The RRF Regulation requires the Commission and the member states to monitor progress in implementing the RRPs and to report to various stakeholders on the implementation of the RRF[25]. The Recovery and Resilience Scoreboard ("the Scoreboard") is meant to be a tool for displaying information transparently to the

[23] Special report 26/2023, paragraph 87and recommendation 4(b);and special report 14/2024: "Green transition – Unclear contribution from the Recovery and Resilience Facility", paragraph 57.

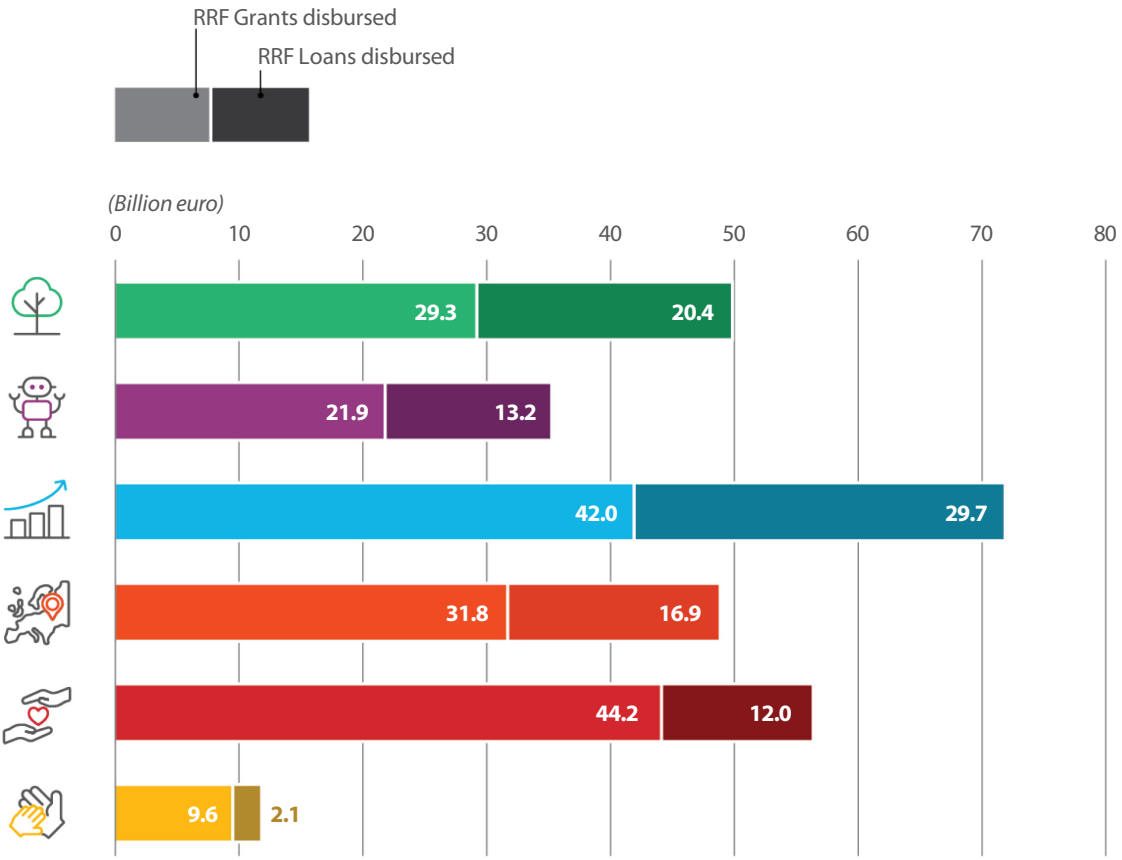
[24] European Commission, "Mid-term evaluation of the Recovery and Resilience Facility", European Commission, SWD(2024) 70, part 4.1.5(B), p. 54.

[25] Articles 16, 26-27 and 29-32 of the RRF Regulation.

public on the RRF's implementation[26]. It displays the RRPs' implementation progress for each of the six pillars[27]. The platform is interactive and easy to navigate[28].

39 The Commission's reporting on progress under the six pillars ("disbursement per pillar") is based on an identical unit value calculated for each milestone and target in a given RRP by dividing the plan's total allocation by the number of milestones and targets it includes (see ***Figure 5***). The "share of RRF funds contributing to each policy pillar" is based on the rather simplified assumption that measures contribute equally to the primary and secondary policy pillars to which they have been assigned[29].

Figure 5 – Disbursements per pillar



Source: Commission's Recovery and Resilience Scoreboard as at 9 February 2025.

[26] "NextGenerationEU: European Commission launches Recovery and Resilience Scoreboard", European Commission's press release, 15 December 2021.

[27] Article 1 of the Delegated Regulation (EU) 2021/2106 setting out the common indicators and the detailed elements of the recovery and resilience scoreboard.

[28] Special report 26/2023, paragraph 75.

[29] Ibid., paragraph 101.

40 As a result, each milestone and target within a given RRP has the same unit value, which reflects neither the actual nor estimated costs of the measure in question, nor the nature of the milestone or target. This way of presenting the RRF's progress under the six pillars is misleading[30]. Upon our recommendation[31], the Commission now discloses on the Scoreboard the methodology used for reporting on disbursements per pillar.

41 Furthermore, the Scoreboard is not always transparent in presenting data for the common indicators[32]. Member states are not required to provide any supporting evidence together with the data (or explanations about limitations in the reported data), and in previous reports[33] we found several instances where they reported to the Commission unreliable or non-comparable data such as:

- estimates based on preliminary data or approximations when actual data is not and will not be available;
- data reported under the wrong indicators or different types of data for the same common indicator; or
- achievements not attributable to the RRF, where measures are partly funded from national or other EU sources.

42 The Commission considers that responsibility for the quality of data on the common indicators lies solely with the member states, despite the RRF being implemented under direct management. It performs only basic plausibility checks. The Commission is not planning to audit the underlying data reported, as this is not required by the RRF Regulation[34]. This reduces the data's reliability.

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30 Ibid., paragraphs 79-80.

31 Ibid., recommendation 3.

32 Ibid., paragraph 81.

33 Special report 13/2025, paragraphs 74-75; special Report 26/2023, paragraphs 67-72 and paragraphs 81-82; special report 14/2024, paragraph 51.

34 Special report 26/2023, paragraph 68.

The RRF compliance framework and rules for the protection of the EU's financial interests are not sufficiently robust

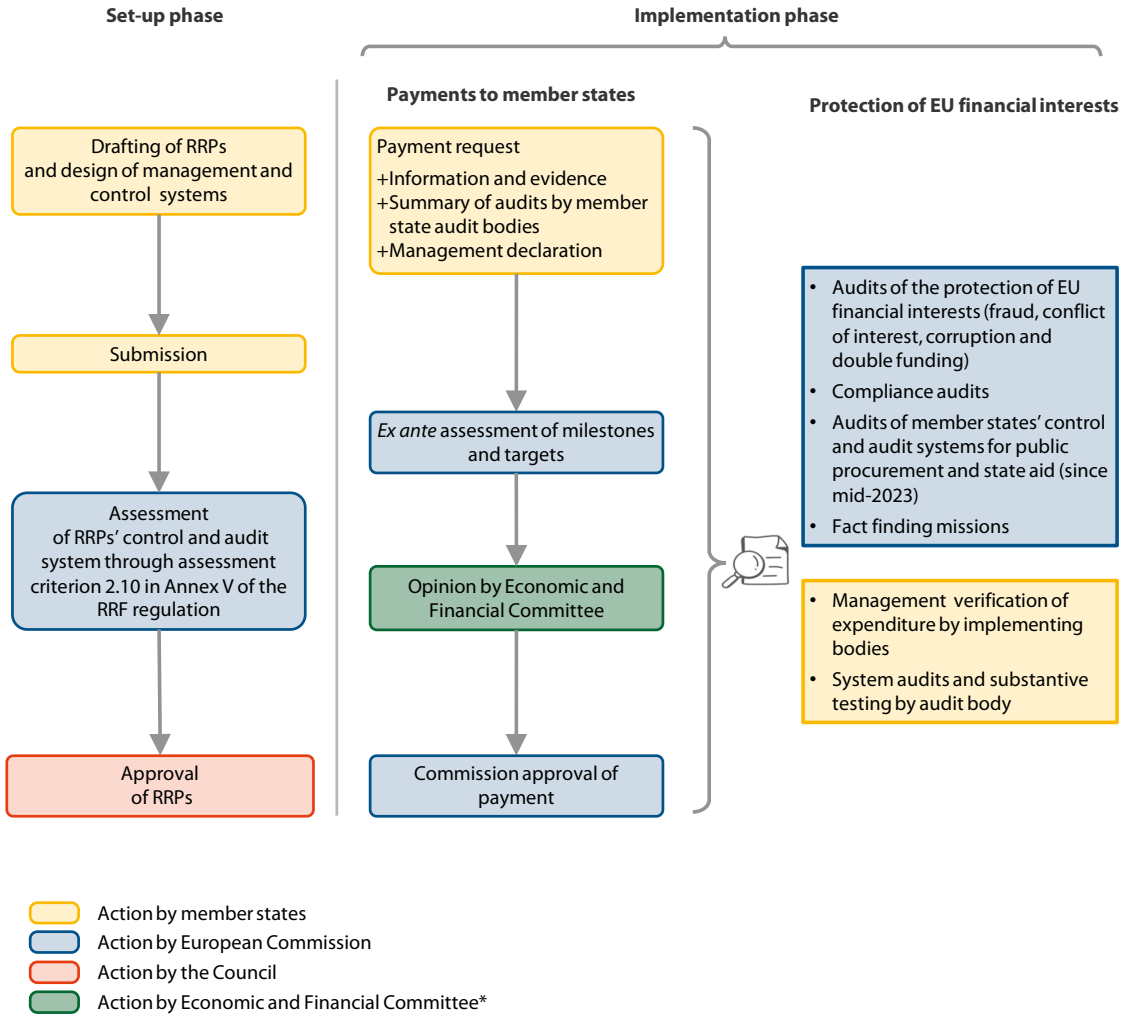
43 As required by the RRF Regulation, the Commission verifies the satisfactory fulfilment of milestones and targets, which is the main condition for payment under the RRF[35]. This means that compliance of expenditure with EU and national rules is not a condition for member states to receive RRF payments. The Commission's control systems include the following main elements (see ***Figure 6*** for a complete view)[36]:

- preliminary assessment of the satisfactory fulfilment of milestones and targets included in member states' payment requests;
- *ex post* audits carried out after payments have been made to member states;
- system and compliance audits of member states' control systems; for the protection of the EU's financial interests, the Commission must obtain sufficient assurance from the member states and relies largely on their control systems, in line with the RRF legal framework.

[35] Article 24(3) of the RRF Regulation.

[36] 2023 annual report, paragraphs 11.5-11.6 and 11.30.

Figure 6 – Commission's and member states' responsibilities for ensuring compliance with payment conditions and protecting the EU's financial interests



*The committee promotes policy coordination among the member states and is composed of senior officials from national administrations and central banks.

Source: Special report 09/2025, Annex I.

44 Based on this work, the Commission provides assurance on the following three elements[37]:

- assurance on the legality and regularity of RRF payments;
- in the areas of public procurement and state aid, assurance that member states regularly, and since mid-2023 effectively, check that RRF financing and measures for implementing reforms and investment projects have complied with all

[37] Special report 09/2025: "Systems for ensuring compliance of RRF spending with public procurement and state aid rules – Improving but still insufficient", paragraphs 34, 88-89.

applicable rules, in particular on the prevention, detection and correction of fraud, corruption and conflict of interest; and

- in cases of fraud, corruption and conflict of interest not corrected by the member state, or of serious breaches of an obligation laid down in a financing agreement, assurance that RRF support has been reduced and any amounts owed to the EU budget recovered.

The RRF Regulation allows for differing interpretations and discretionary assessment of legal requirements

45 We assessed the legality and regularity of the RRF grant payments made in the 2021, 2022 and 2023 financial years by reperforming the Commission's *ex ante* verifications of 785 milestones and targets, representing 75 % of those included in submitted payment requests. We also assessed the Commission's *ex post* audits and reviewed the annual activity reports of the Commission's Directorate-General for Economic and Financial Affairs and the Commission's annual management and performance reports. These audit procedures form the basis for our annual statements of assurance.

46 Our audit of the regularity of RRF focuses mainly on whether milestones and targets have been satisfactorily fulfilled. This represents a significant difference from our audit work in other areas of the budget, in which we assess compliance with all relevant EU and national rules all the way down to final recipient level. Based on our audit work, we issued a qualified opinion on RRF expenditure for the 2022 and 2023 financial years[38]. In the 2021 financial year, only one payment was made, which we assessed as legal and regular in all material respects[39].

47 We found that the Commission had designed, in a relatively short time, a control approach for RRF disbursements that provides for a comprehensive, desk-based *ex ante* verification process to check whether milestones and targets have been satisfactorily fulfilled[40], albeit with weaknesses in the documentation of assessments

[38] 2022 and 2023 annual reports, chapter 1.

[39] 2021 annual report, chapter 1.

[40] Special report 07/2023, paragraph 38 and 44.

and in the specification of the scope of different services' contributions to the assessment process[41].

48 However, these *ex ante* verifications do not systematically cover horizontal eligibility conditions, such as compliance with the eligibility period and the principles of not substituting recurring national budgetary expenditure, avoiding double funding and not reversing measures already completed[42].

49 The Commission obtains additional assurance, including on the protection of the EU's financial interests, from its *ex post* audits. We found that these audits had weaknesses in relation to checks on the reversal of measures for which payments have already been made, on compliance with the eligibility period and on the substitution of recurring national budgetary expenditure[43]. To date, our recommendation to improve *ex post* audits has been implemented only in some respects[44].

Ambiguities in the legal framework contributed to the errors we found

50 Our statement of assurance work mostly found three types of error with financial impact:

- milestones and targets not satisfactorily fulfilled (16 cases);
- non-compliance with the eligibility period (8 cases); and
- substitution of recurring national budgetary expenditure (six cases).

51 In addition, we found one error in relation to a breach of the "no double funding" principle and one in relation to the reversal of a reform measure. ***Table 1*** shows how ambiguities in the legal framework led to differing interpretations of legal requirements, thus contributing to the frequency of the three most common types of error we found.

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[41] Special report 07/2023, paragraph 48 and 2022 annual report, paragraph 11.39.

[42] 2022 annual report, paragraph 11.39-40.

[43] 2022 annual report, paragraph 11.46 and recommendation 11.1.

[44] 2023 annual report, paragraph 11.31 and Annex 11.3.

Table 1 – Factors contributing to the most common types of errors we detected

	Type of error		
	Satisfactory fulfilment of milestone/target	**Non-compliance with eligibility period**	**Recurring national budgetary expenditure**
Ambiguities in the legal framework…	No regulatory definition of what constitutes "satisfactory fulfilment"	Article 17(2) of the RRF Regulation specifies that only measures which started from 1 February 2020 onwards are eligible, without providing any criteria to define what constitutes the "start" of a measure	Article 5 of the RRF Regulation stipulates that RRF funding must not substitute recurring national budgetary expenditure, unless duly justified
…leading to differences of interpretation between the Commission and the ECA	**Commission** assessment framework[45] leaves room for a degree of subjective interpretation. Vaguely defined milestones/targets lead to differences of interpretation between the Commission and the ECA[46].	**The Commission** guidance[47] specifies that an investment starts when the first underlying costs are incurred. **In the ECA's view**, a measure starts when the first legal commitment, such as a contract or a financing decision, is made[48].	**The Commission** guidance[49] specifically refers to administrative expenditure, such as staff and operating costs as recurring expenditure. **In the ECA's view**, this should not be limited to administrative expenditure, but to any recurring activity with an impact on national budgetary expenditure[50].

Source: ECA and Commission.

[45] Communication from the Commission to the European Parliament and the Council: Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation, COM(2023) 99,Annex I.

[46] 2023 annual report, paragraph 11.27.

[47] "Guidance to member states – Recovery and resilience plans", European Commission, SWD(2021) 12, Part 1/2, p. 35.

[48] 2023 annual report, paragraph 11.22.

[49] "Guidance to member states – Recovery and resilience plans", European Commission, SWD(2021) 12, Part 1/2, p. 16.

[50] 2022 annual report, Box 11.2; 2023 annual report, Box 11.3.

Risk of double funding increases with instruments using financing not linked to costs

52 Our recent special report on double funding concluded that the introduction of funding instruments not linked to costs can lead to a higher risk of double funding, particularly when used in conjunction with different EU funding programmes financing similar measures and actions during the same timeframe[51]. Moreover, the Commission has not clarified the definition of double funding to reflect the specific nature of the "financing not linked to costs" model, nor the implications for member states' control systems[52]. The Commission considers that the use such financing does not lead to a higher risk of double funding and that the RRF has a robust control system to address this risk.

53 Furthermore, we concluded that the control systems implemented by the Commission and the member states are not yet sufficient to adequately mitigate the increased risk of double funding between the RRF and other EU funds[53]. This is particularly the case when the national and regional administrations implementing the RRF and cohesion programmes use their own IT systems, which are not interconnected. In some member states, electronic matching of beneficiaries and projects to identify double funding is not possible[54]. The Arachne fraud detection tool provided by the Commission is not widely used by the member states[55].

54 The RRPs include measures for which member states estimated the costs to be zero. For these measures, the Commission argues that, by definition, there can be no double funding [56]. In our view, however, this does not automatically rule out the possibility of double funding. In essence, the same deliverable must not be financed twice from the EU budget, whether through a cost-based or a non-cost-based financing instrument. In our 2022 statement of assurance work, we found one case of double funding linked to a measure with zero estimated costs[57]. We also found that

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[51] Special report 22/2024, paragraph 100.

[52] Ibid., paragraph 103 and Recommendation 1.

[53] Ibid., paragraphs 100-101.

[54] Ibid., paragraphs 69-71.

[55] Ibid., paragraphs 72-77.

[56] Ibid., paragraph 34.

[57] 2022 annual report, paragraph 11.30 and review 01/2023: "EU financing through cohesion policy and the RRF: A comparative analysis", paragraph 35.

zero-cost measures were not subject to any verifications, thus increasing the risk of double funding[58].

Reversals of milestones and targets cannot be addressed after 2026

55 According to the RRF Regulation, measures and actions relating to previously fulfilled milestones and targets must not be reversed[59]. Member states are required to confirm, in the management declaration accompanying each payment request, that this "non-reversal" condition remains fulfilled[60].

56 The RRF Regulation provides that corrective action for reversals can be performed only up until 31 December 2026, the date on which the Commission will pay the last payment requests[61]. The regulation does not specify consequences for any reversal occurring after the final payment request has been assessed.

57 In our report on the rule of law in the EU, we noted that the relevant provisions of the RRF provide the Commission with a useful additional set of tools to protect the EU's financial interests and to ensure the sound financial management of EU funds[62]. However, we also found that a member state's formal compliance with the remedial measures may not necessarily result in effective and sustained improvements. There is also the risk of remedial measures later being reversed or of additional deterioration in other aspects of the rule of law.

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[58] Special report 22/2024, paragraph 103.

[59] Article 24(3) of the RRF Regulation.

[60] 2022 annual report, paragraph 11.31.

[61] Article 24(1) and (3) of the RRF Regulation.

[62] Special report 03/2024: "The rule of law in the EU: An improved framework to protect the EU's financial interests, but risks remain", paragraphs 98 and 105.

The Commission improved its audit work on public procurement and state aid, but it was still insufficient to provide assurance

The Commission's 2023 audit strategy covers checks on member state systems, but we found some issues with the scope of its audits

58 The protection of the EU's financial interests requires member states to prevent, detect and correct serious irregularities and ensure that RRF projects comply with all applicable EU and national rules. However, as compliance with such rules is not a condition for payment, unless explicitly included in the requirements for a specific milestone or target, the Commission's ex ante verifications do not cover this aspect[63].

59 In the initial phase of the RRF, the Commission stated that "member states are solely responsible to check that the RRF financing has been properly used in accordance with all applicable national and EU regulations" and that the Commission only had a "residual responsibility" in protecting the EU's financial interests[64]. Despite relying solely on member states to ensure compliance with EU and national rules, we found that the Commission's examination of the RRF audit and control arrangements outlined by member states in their RRPs did not include sufficient checks on public procurement and state aid controls[65]. Moreover, the Commission's initial audit strategy for the RRF did not include audits to check compliance with EU and national rules[66].

60 We found that this constituted an assurance and accountability gap, given that non-compliance with rules on public procurement or state aid is a major source of error in our audits of other EU spending programmes[67]. We recommended that the Commission identify measures required to address the assurance gap regarding RRF-funded investment projects' compliance with EU and national rules[68].

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63 Special report 07/2023, paragraph 28 and paragraphs 34-35.

64 Annual activity report 2021 - Economic and Financial Affairs, p. 52.

65 Special report 09/2025, paragraph 7.

66 Special report 07/2023, paragraph 33.

67 2021 annual report, chapter 1: "The statement of assurance and supporting information", Figure 1.8.

68 Special report 07/2023, recommendation 3.

61 Since mid-2023, the Commission has stepped up its audit work and started checking the effectiveness of member state control and audit systems, including through reinforced audits on these systems, in line with our recommendation[69]. However, the assurance for the 2023 financial year only stated that member states carry out regular checks and still did not cover their effectiveness. In December 2023, the Commission updated its audit strategy, which now provides for detailed checks on member state audit and control systems for public procurement and state aid. The Commission has included such checks in all its audits and adopted dedicated audit checklists in September 2023. However, we noted that some weaknesses remain in these checklists in relation to state aid, as they do not cover member states' controls for grants to undertakings under the General Block Exemption Regulation or for schemes under the state aid framework for research, development and innovation[70].

62 We found issues in relation to the way preliminary audit findings are taken into consideration and to the methodology for risk assessments[71]. For example, the Commission classifies member states' control systems as low-risk if it has not yet carried out any audit work or, when important issues are identified, if the member state confirms that corrective action will be implemented in the future.

Some member state control systems have weaknesses

63 When the Commission identifies a member state's monitoring and control arrangements as being not fully functional, posing a risk to the regularity of RRF payments or to the protection of the EU's financial interests[72], it includes "audit and control milestones" in that country's RRP. Member states must meet these milestones prior any subsequent payment requests. We consider the existence of control milestones to be a positive step to improve the control systems of the member states. However, it is also an indication that monitoring and control systems were not fully in place[73]. For seven member states, the second or third payments were conditional on the achievement of control milestones. This means that, in some cases, RRF payments were made to member states with weaknesses in their control systems. We consider

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[69] Special report 09/2025, paragraph 6 and 2023 annual activity report, Commission's Directorate-General for Economic and Financial Affairs, p. 74.

[70] Special report 09/2025, paragraphs 15 and 81.

[71] Ibid., paragraphs 85 and 87.

[72] 2022 annual report, chapter 11, paragraph 11.49.

[73] Special report 07/2023, paragraph 27.

that this poses a risk to the protection of the EU's financial interests and to the regularity of expenditure[74].

64 Each member state's payment request must also be accompanied by a management declaration[75]. These declarations must confirm that the funds have been used for their intended purpose, and that the control systems put in place give the necessary assurance that the funds have been managed in accordance with all applicable rules. Each payment request must also include a summary of the audits carried out, weaknesses identified, and any corrective actions taken[76].

65 Member states base the assurance they provide in the management declarations on checks carried out by national bodies responsible for managing RRF implementation and independent audits carried out by national audit bodies. According to the RRF Regulation, member states can use their existing national management and control systems for this purpose. We found that the lack of pre-defined system requirements for public procurement and state aid created an environment which was not conducive to member states implementing public procurement and state aid control systems that would generate a sufficient level of assurance in these areas consistently across the EU[77].

66 We found that the management declarations of some sampled member states showed weaknesses in the coverage, quality, timing and documentation of checks. The deficiencies identified also included a lack of evidence of controls or audits on public procurement procedures or audits not covering all relevant risks in this area. For the granting of state aid, member state controls were mostly appropriate; however, checks by audit bodies were often absent or conducted after the management declaration had been signed by the member state and the related payment made by the Commission[78].

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[74] Special report 21/2022, paragraph 103.

[75] Article 22(2)(c)(i) of the RRF Regulation.

[76] Article 22(2)(c)(ii) of the RRF Regulation.

[77] Special report 09/2025, paragraphs 9-10.

[78] Ibid., paragraphs 13-14.

67 Furthermore, in our annual reports we identified several cases of milestones and targets for which the information in the management declarations was not sufficiently reliable, inaccurate, or incomplete. The member states concerned had not included a reservation in their declarations for any of these cases.

68 Based on our work, we consider that despite improvements in its audit work, the Commission has not been able to draw sufficient assurance on whether member states have effective internal control systems to ensure that RRF spending complies with public procurement and state aid rules. This is not consistent with the Commission's annual declarations of assurance issued up until June 2024, which have not included reservations regarding member state RRF control and audit systems for public procurement and state aid compliance[79].

Reductions of financial contributions do not address individual breaches of public procurement rules

69 If the Commission concludes, based on its *ex ante* verifications, that a milestone or target has not been satisfactorily fulfilled, the corresponding amount (calculated by applying the payment suspension methodology) can be suspended for a period of 6 months until the member state provides evidence of satisfactory fulfilment. Otherwise, the Commission must reduce the financial contribution proportionately. The Commission established a method to reduce financial contributions in cases of (partial) non-fulfilment of milestones and targets[80]. This methodology relies on many judgments to be made, possibly leading to different interpretations between the Commission and the ECA[81]. Starting in 2023, the payment suspension methodology has already been applied in several instances, involving payments to Lithuania, Romania, Portugal, Italy, Spain and Belgium[82].

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[79] Special report 09/2025, paragraph 18.

[80] Communication from the Commission to the European Parliament and the Council: "Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation", COM(2023) 99 final, Annex II.

[81] 2023 annual report, paragraph 11.19.

[82] Partial payments under the Recovery and Resilience Facility: An overview, European Parliamentary Research Service.

70 As mentioned in ***Table 1***, the RRF Regulation does not specify how to interpret the word "satisfactorily". When assessing the satisfactory fulfilment of milestones and targets, the Commission accepts minimal deviations (<5 %) in substance, form, timing and context. We note that the portion of a payment corresponding to these deviations may amount to several million euros[83].

71 The RRF regulation provides that member states may use their national budget management systems to correct breaches of public procurement and state aid rules. For state aid, EU legislation sets out the corrective measures to be taken where such aid is unlawful and incompatible with the EU internal market. For public procurement, we found that corrective measures in the member states varied considerably. In some member states, RRF funds are not recovered from final recipients for public procurement irregularities or, if funds are recovered, they are not returned to the EU budget which is in line with the RRF legal framework. If member states do not apply recoveries for individual breaches of the rules, this could reduce the deterrent effect[84].

72 According to the RRF Regulation, the Commission has the right to take corrective action when it detects serious system weaknesses. However, it cannot make corrections for individual breaches of public procurement rules except in cases of serious irregularities (fraud, corruption, conflict of interest and double funding) which have not been corrected by the member state. This means that the RRF's design allows payments to be made in full, even in cases of public procurement irregularities. To date, the Commission has not applied any reductions to member states' RRF allocations for breaches related to public procurement or state aid controls[85].

73 We also found that the member states' management declarations should indicate whether RRF-funded measures were affected by fraud[86]. However, there are no clear guidelines about when exactly a case of suspected fraud should be reported, whether there is a reporting threshold, and what standard information should be reported about each case and the remedial measures taken[87]. By the end of 2023, the member states had not reported a single case of suspected fraud in their management declarations. However, the 2023 annual report of the European Public Prosecutor's

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[83] 2023 annual report, paragraph 11.27.

[84] Special report 09/2025, paragraph 20.

[85] Ibid., paragraph 21.

[86] 2023 annual report, paragraph 11.41.

[87] Special report 07/2023, paragraphs 80-81.

Office, indicated 206 active investigations related to RRF funds, with an estimated potential impact of over €1.8 billion[88], most of which were reported by member states' authorities.

Implementation is progressing with delays, and risks remain concerning the completion of measures, results and financing

Implementation is progressing but is facing delays, posing risks to the completion of measures and the achievement of the RRF's objectives

Pre-financing facilitated the disbursement of funds initially, but implementation is facing delays despite RRP amendments

74 The purpose of the RRF is to promote the EU's economic, social and territorial cohesion by improving the resilience, crisis preparedness, adjustment capacity and growth potential of the member states, by mitigating the social and economic impact of that crisis[89]. Its objective is therefore twofold – enhancing recovery from the pandemic and improving resilience to future crises[90].

75 The timely absorption of RRF funding is essential to ensure that it can fulfil its objectives, in particular that of addressing the consequences of the COVID-19 crisis[91]. In the absence of a clear definition in the RRF Regulation, we define absorption as EU funding paid out by the Commission to the member states[92]. Furthermore, we base our assessment of timely absorption on whether member states submitted their payment requests in line with the indicative timetable agreed in the operational arrangements in force at the time of submission of each payment request[93].

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88 Annual report 2023 European Public Prosecutor's Office, p. 68.

89 Article 4(1) of the RRF Regulation.

90 Special report 13/2024, paragraph 03.

91 Ibid, paragraph 10.

92 Ibid., paragraphs 11-12.

93 Article 20(6) and recital 70 of the RRF Regulation.

76 By the end of 2024, all member states except Hungary had signed their operational arrangements. Hungary has not submitted payment request and has only received pre-financing as its RRP included 27 “super-milestones”, which had to be achieved before any regular payment could be made[94].

77 The RRF pre-financing rate –the proportion of the member state’s allocation disbursed before formal payments linked to payment conditions are made – is significantly higher than for other EU funding instruments[95]. In particular, member states could request up to 13 % of their RRF allocations in advance, as pre-financing. The pre-financing initially allowed more funds to be made available quickly and was therefore consistent with the RRF’s objective of responding to the COVID-19 crisis. For most member states, the initial pre-financing helped to bridge the gap until their first regular disbursements[96].

78 Co-financing may increase a member state’s or beneficiary’s commitment and ownership. However, the RRF does not require co-financing[97].

79 As of the end of 2024, 128 out of the 151 payment requests (in grants and loans) planned for submission by that date had been submitted (85 %), with significant differences among member states. These requests concern around 93 % of funding planned to be requested by that date (see ***Figure 7***).

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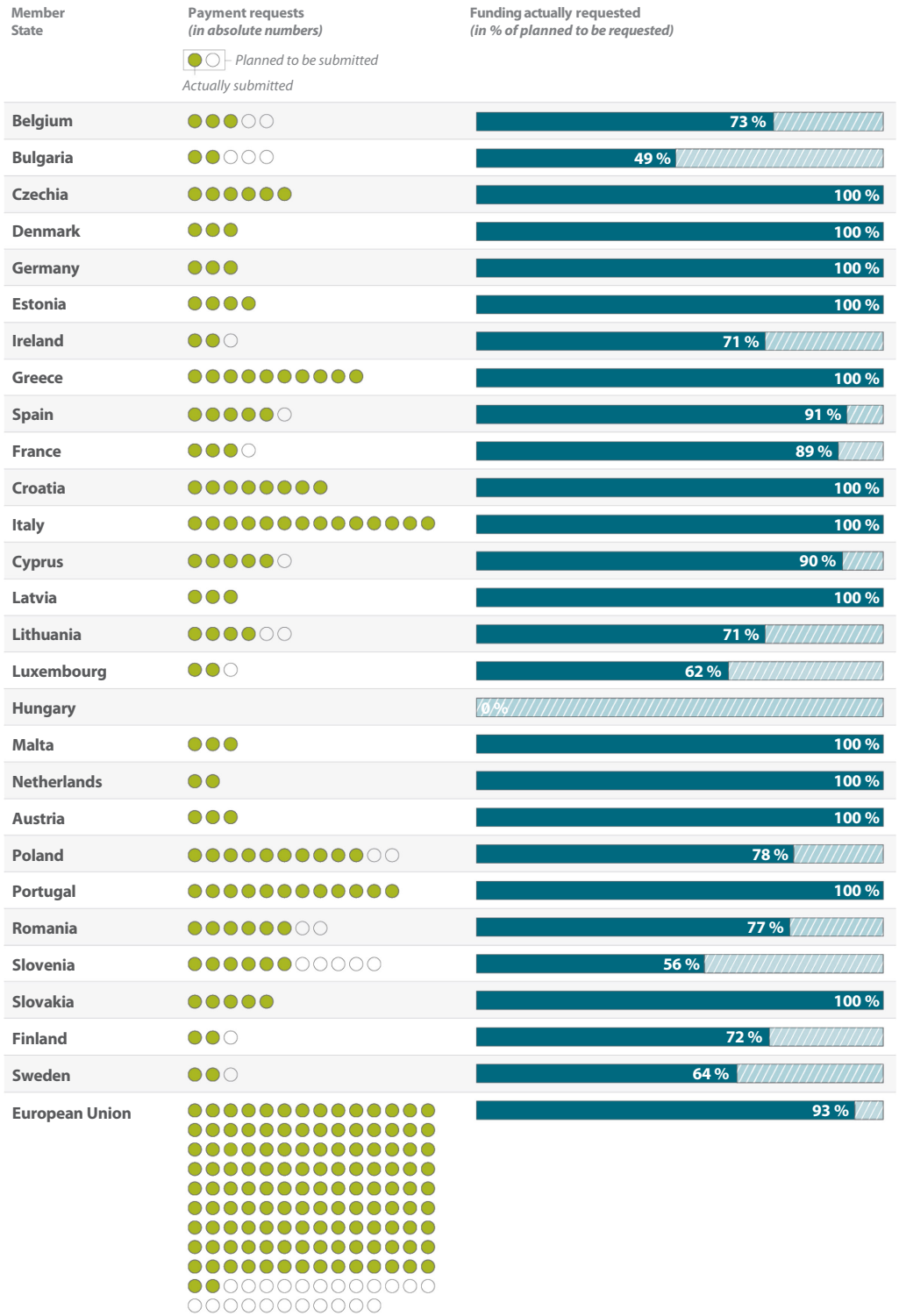
[94] Special report 03/2024, paragraph 64-65.

[95] Review 01/2023, paragraph 67.

[96] Special report 13/2024, paragraph 18-20.

[97] Review 01/2023, paragraph 71.

Figure 7 – Payment requests submitted and funding requested as of 31 December 2024 (compared to the indicative timelines)



Note: In the absence of an indicative timetable, payment requests for loans to Spain are not considered in the analyses. The analysis also does not include Hungary, as it had not signed the operational arrangements as of the end of 2024.

Source: ECA, based on the operational arrangements in force at the time of submission of each payment request and the Council implementing decisions (for the funding and the timetable), and the Commission's Recovery and Resilience Scoreboard (for the actual dates of submission of payment requests).

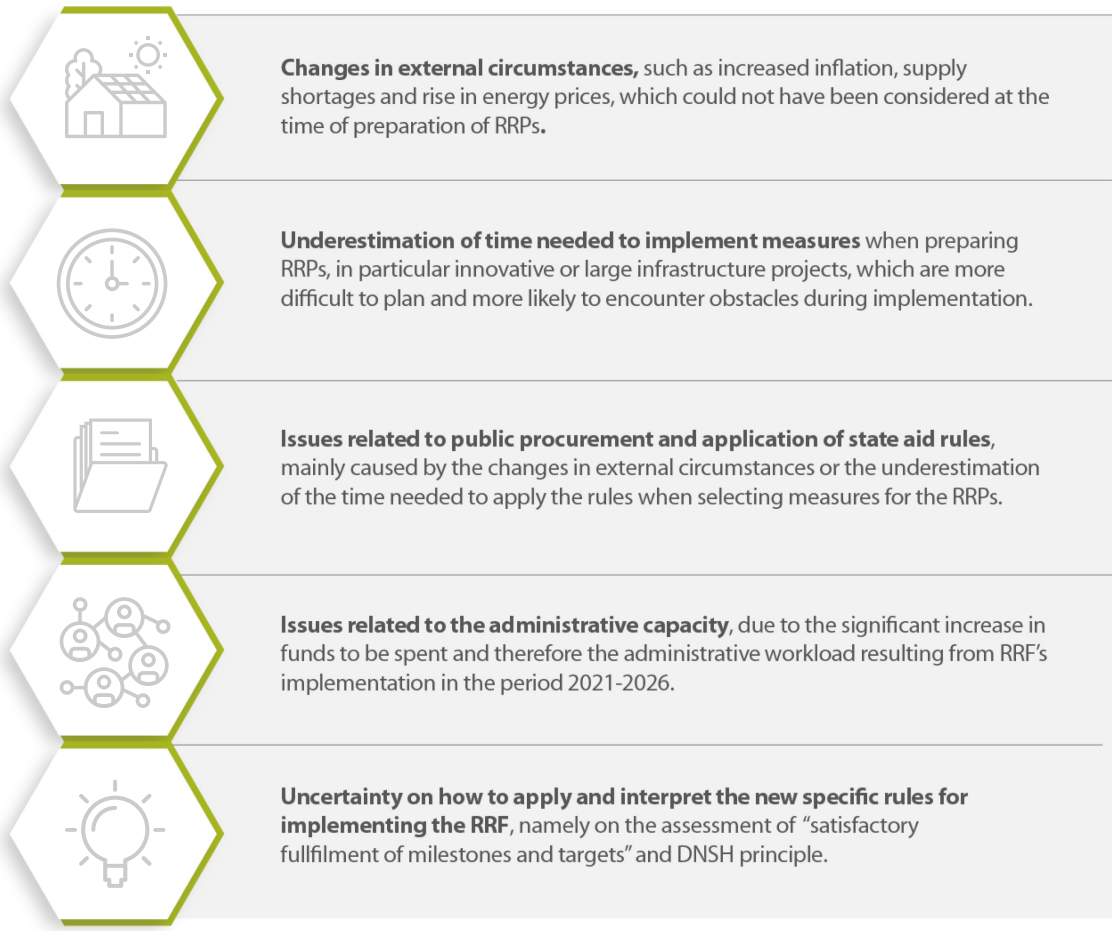
80 Despite most member states (18 out of 26) having updated the indicative timetables in their operational arrangements, more than half of payment requests had not been submitted as planned. We also noted that delays had become more frequent as the RRF's implementation progressed. While 63 % (24 out of 38) of requests for the first payment were submitted on time, this proportion decreased to 61 % (22 out of 36) for the second payment request and 23 % (8 out of 31) for the third. Similarly, 27 % (6 out of 22) of requests for the fourth payment were submitted on time. For digital measures, we found that the implementation delays in our sample were more widespread than indicated in the Commission's reporting or reflected in the revised RRPs[98].

81 We identified a number of common factors contributing to delays in implementing the RRPs[99]. These include external circumstances such as Russia's war of aggression against Ukraine since February 2022, which has triggered inflation and record energy prices in the EU. They also include underestimation of the time needed to implement measures, in particular innovative or large infrastructure projects (see ***Figure 8***).

[98] Special report 13/2025, paragraph 44.

[99] Special report 13/2024, paragraphs 28-52; opinion 04/2022 concerning the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans, paragraph 14.

Figure 8 – Common factors contributing to delays in implementing RRPs



Source: Special report 13/2024, paragraphs 28-52.

82 The RRF Regulation specifies four circumstances under which a member state may amend its RRP, including if milestones and targets are no longer achievable because of "objective circumstances"[100] (such as high inflation and/or supply chain disruptions; better alternatives having been identified to achieve a measure; legal or technical difficulties). In general, the member states proposed amendments to RRPs in order to provide a solution for measures which would otherwise no longer be achievable. These amendments may therefore facilitate absorption[101]. The Commission's guidance[102] states that the proposed changes should not decrease the overall ambition of the RRPs.

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[100] Article 21 of the RRF Regulation; European Commission, Guidance on recovery and resilience plans (C/2024/4618), p. 5-6.

[101] Special report 13/2024, paragraph 62.

[102] European Commission, "Guidance on Recovery and Resilience Plans in the context of REPowerEU" (2023/C 80/01), p. 12.

83 In total, 1 092 amendments to measures included in RRPs had been made by the end of 2024 based on objective circumstances[103]. In the member states we sampled, these mainly concerned lowering targets, postponing the completion of measures or removing measures from the RRP[104]. While the extent to which these amendments will influence absorption and decrease delays remains to be seen[105], they contributed to an increase in the proportion of RRF measures to be completed in the last 8 months (January- August 2026) of the RRF's implementation period, from 29 % to 37 %.

More than a third of all measures need be completed in 2026, which poses risks to their completion and to the EU's financial interests

84 All measures planned in the RRPs must be completed by 31 August 2026[106]. However, as of December 2024, the bulk of milestones and targets were still to be satisfactorily fulfilled (see ***Figure 9***). Moreover, two member states, Hungary and Sweden, had not yet received any funding for the satisfactory fulfilment of milestones and targets. Sweden submitted its first and second payments requests on 20 December 2024; the assessment of both requests was ongoing at the time of our work on this review.

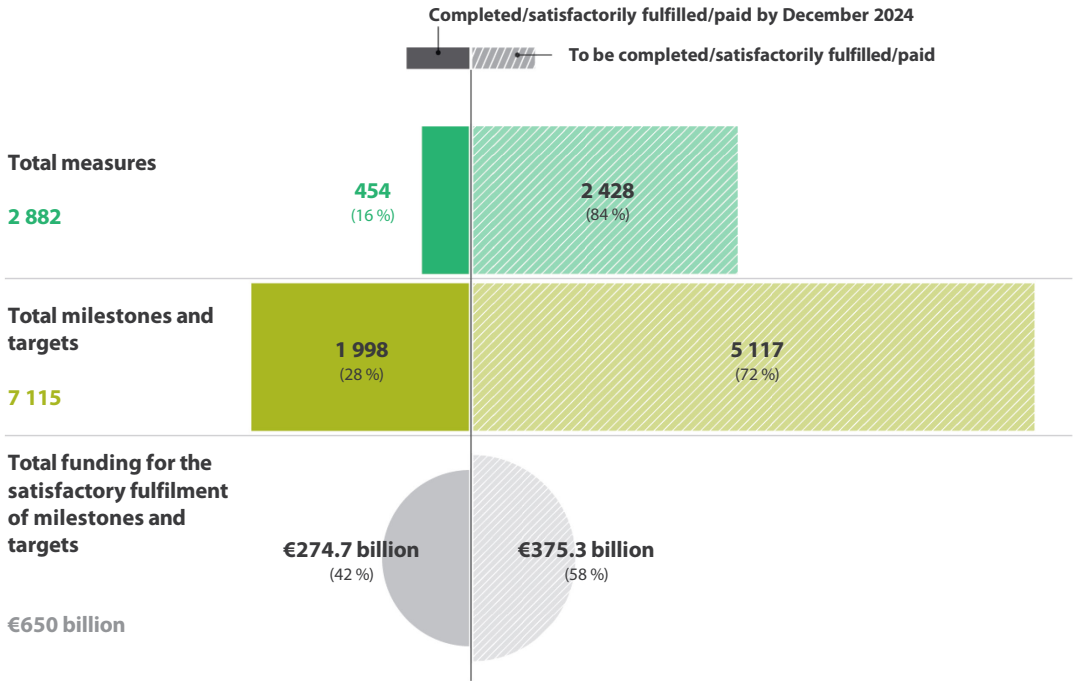
[103] Based on Commission's Fenix database.

[104] Special report 13/2024, paragraph 60 and Table 1.

[105] Ibid., paragraph 95.

[106] Article 18(4)(i) of the RRF Regulation.

Figure 9 – Progress in implementing RRPs as of December 2024 and commitments remaining at the end of the RRF (grants and loans)



Note: The figure shows the number of measures completed by the end of 2024, based on the milestones and targets assessed as satisfactorily fulfilled by the Commission as of the end of 2024. Funding paid by December 2024 includes net payments (grants and loans) to member states and the pre-financing amounts cleared.

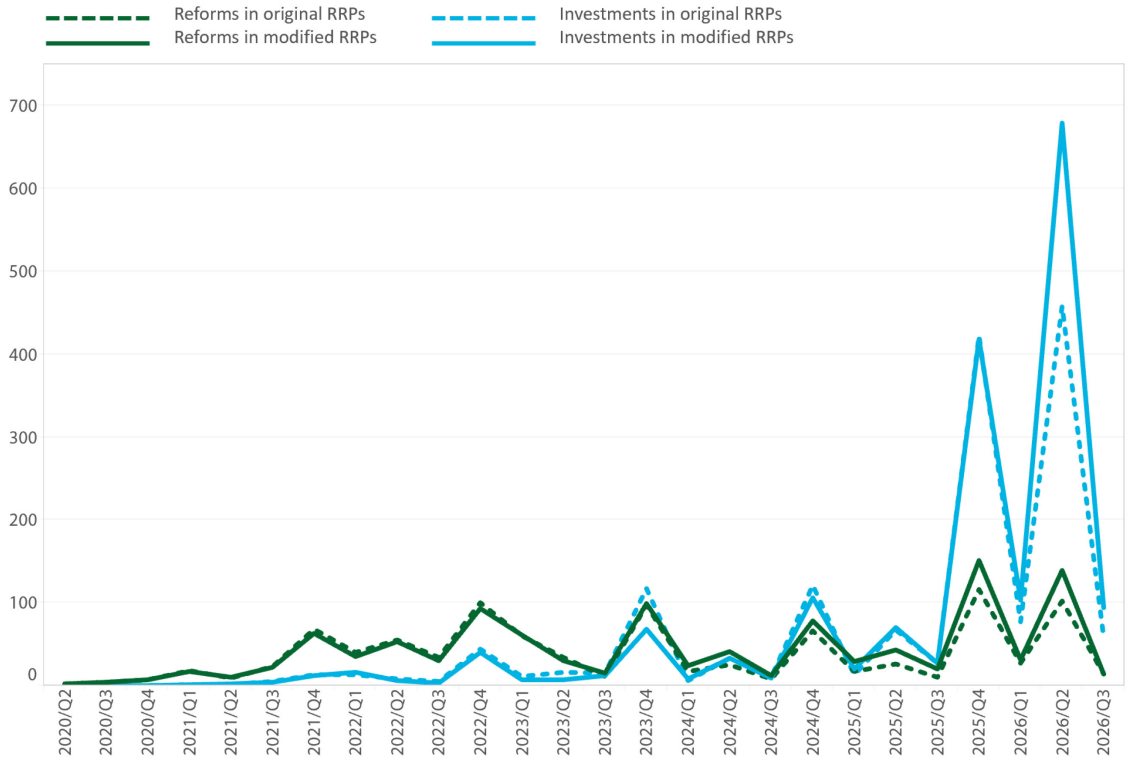
Source: ECA, based on the Commission's FENIX database and Recovery and Resilience Scoreboard.

85 Furthermore, the implementation of the RRF is more challenging in the second half of its implementation period[107], mostly due to:

- the shift from reforms to investments (see ***Figure 10***), which can be rather complex, particularly innovative or large infrastructure projects;
- the change in the nature of milestones and targets, which refer to more advanced stages of implementation and are therefore often more challenging to implement than earlier ones, which relate to the early stages of implementation.

[107] Special report 13/2024, paragraphs 37 and 81-84; European Commission, Statements by Executive Vice-President Dombrovskis and Commissioner Gentiloni at the press conference on the mid-term evaluation of the Recovery and Resilience Facility, 21 February 2024.

Figure 10 – Number of measures planned for completion per quarter, 2020-2026



Note: The figure shows data available in Commission's Fenix database on 10 January 2025. Out of 2 882 measures included in the RRPs in total, 14 do not have corresponding milestones and targets in the Fenix database. These measures have therefore not been taken into account for this analysis. The first RRP was approved by the Council in Q3 2021.

Source: ECA, based on Commission's FENIX database.

86 In total, 1 060 measures (or 37 %) are planned for completion in the last year of the RRF's eligibility period. In 2026, member states plan to complete more than 50 % of all investments and more than 16 % of all reforms included in their RRPs.

87 Member states' grant allocations are calculated based on the methodology set out in the RRF Regulation[108], and each member state's maximum loan allocation is calculated as a percentage of its gross national income. However, each member state's payment profile – a timetable setting out how much it will receive based on the satisfactory fulfilment of milestones and targets, and when – is defined in its Council implementing decision. Payment profiles are a result of negotiations with the member

[108] Annexes I-III of the RRF Regulation.

state concerned. While taking into account the quantity and importance of milestones and targets, the payment profiles do not necessarily reflect them[109].

88 By the end of 2024, the Commission had disbursed 42 % of the total RRF allocation (grants and loans) in return for the satisfactory fulfilment of 28 % of all milestones and targets (see ***Figure 9***). The RRF is designed in such a way that disbursements do not necessarily reflect the quantity and importance of milestones and targets. This may result in the risk of a significant proportion of RRF funding being paid without member states having completed the corresponding measures. Given that the RRF Regulation does not provide the possibility of recovering funds if measures are not completed, this poses a risk to the achievement of RRF's objectives and therefore to the protection of EU's financial interests[110].

Disbursement of funds to member states does not mean that they have reached final recipients and the real economy

89 In line with our definition, funding is absorbed once it is disbursed to member states, as the beneficiaries of RRF funds (see paragraph ***75***). Absorption therefore does not refer to these funds having reached their final recipients and the real economy. In our previous report, based on data we received from 15 member states by October 2023, we found that only about half of the funds paid to member states had reached final recipients[111].

90 Member states are required to publicly disclose lists of the 100 final recipients receiving the highest amount of funding for the implementation of measures included in their RRPs, and to update these lists twice a year. In the context of the RRF, a "final recipient" is defined as the last entity receiving funds that is not a contractor or sub-contractor[112], but national authorities confirmed that this definition still leaves room for interpretation. In our analysis of these lists, we noted that the interpretation of the term "final recipient" differed among member states for similar measures (see ***Box 2***), which limited the information on RRF funding that has already reached the real economy.

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[109] Special report 13/2024, paragraph 87.

[110] Special report 13/2024, paragraph 90.

[111] Ibid., paragraph 54.

[112] Guidance on Recovery and Resilience Plans in the context of REPowerEU, European Commission (2023/C 80/01), p 34.

Box 2

Examples of differing interpretation of "final recipient"

For measures related to the provision of **financing to businesses**, final recipients in some member states included institutions granting the funding at national or even EU level (such as the European Investment Bank, the European Investment Fund or the European Bank for Reconstruction and Development), whereas other member states understood it as referring to the businesses receiving the financing.

For measures related to **energy renovation of public buildings**, those recorded as final recipients in some member states were either ministries or cities, and in other member states public energy companies or private businesses.

For measures related to the provision of **digital devices in education**, those recorded as final recipients in some member states were either ministries or cities, and in other member states universities or schools themselves.

Source: Special report 13/2024, paragraphs 55-56.

RRF measures have generally achieved their intended outputs, but limited results in terms of addressing structural challenges and contributing to EU objectives

Most sampled digital and labour market measures have achieved their intended outputs but so far only about half of them show results

91 Our analysis for the sampled digital measures declared as completed by member states showed that for 10 out of 15 (67 %) the intended outputs had been achieved at the time of the audit[113] (June 2024). Furthermore, 9 out of 15 measures (60 %) had shown results, with 47 % generating significant results and 13 % limited results[114].

92 Similarly, 25 of the 30 (83 %) labour market reforms in our sample due to be completed by the end of 2023 had largely achieved their milestones and targets, and therefore their intended outputs[115]. However, for 11 of these 25 measures (44 %), member states could not provide appropriate evidence of results being achieved. The

[113] Special report 13/2025, paragraph 50 and Table 2.

[114] Ibid., Table 3.

[115] Special report 10/2025, paragraph 55.

results were significant for only three reforms, while they were limited for the other 11[116].

93 We note that results take time to achieve and structural reforms often require the adoption or amendment of laws. The effects of such legal changes may take some time to be felt on the ground. At the same time, reforms can be subject to factors beyond national authorities' control (e.g. economic or political changes)[117]. The absence of suitable indicators significantly limits the possibility of assessing the result or impact of RRF labour market reforms. Although the RRF Regulation does not explicitly require member states to set up specific result indicators, we consider them essential for assessing performance[118].

The RRF's financial contribution to the EU's climate objectives is likely to be overestimated, while the estimate is correct for the digital objectives

94 The RRF Regulation established quantitative targets for climate and digital measures included in RRPs (at least 37 % and 20 % respectively)[119]. The Commission, when assessing the RRPs, examined whether they met these minimum thresholds by applying the coefficients (0 %, 40 % or 100 %) assigned to relevant measures and sub-measures[120] in line with the climate tracking and digital tagging methodologies set out in the RRF Regulation[121].

95 While acknowledging that tracking climate expenditure involves a high level of approximation, our audits showed that some climate coefficients (those for railways, electricity grids and new buildings) lead to overestimations, for instance by not considering greenhouse gas emissions of the construction phase of the investments, leading in reality to a lower climate contribution[122] (see ***Box 3***). Using more conservative climate coefficients, we calculated an overestimation of approximately

[116] Ibid., paragraph 63.

[117] Ibid., paragraph 64.

[118] Ibid., paragraph 65.

[119] Articles 18(4)(e) and (f) of the RRF Regulation.

[120] Special report 14/2024, paragraph 20.

[121] Article 19(3)(e)-(f) and Annexes VI and VII of the RRF Regulation.

[122] Special report 14/2024, paragraph 73.

€34.5 billion in relation to three areas of intervention (energy-efficient buildings, smart energy systems and railways)[123].

Box 3

Example of a coefficient leading to overestimation of RRF contribution to EU climate objectives

The RRF Regulation assigns a 40 % climate coefficient to the construction of any new highly efficient building, whereas we consider that there are no actual energy savings resulting from the construction of new buildings. We consider that the 40 % climate coefficient cannot be justified in this case and that a 0 % coefficient should rather have been assigned[124].

Source: Special report 14/2024, paragraphs 19-23.

96 On the other hand, our analysis of all measures tagged as digital showed that member states and the Commission applied correctly the digital tagging methodology decided by the co-legislators, and all member states met or even exceeded the 20 % threshold at that stage[125].

97 Based on the RRF Regulation, both climate tracking and the digital tagging were *ex ante* exercises based on estimated costs, performed at the time of the assessment of RRPs. As for other RRF measures (see paragraph ***36***), the Commission does not monitor actual costs for the implementation of green and digital measures to assess the final share of RRPs' expenditure contributing to these objectives. Consequently, it will not be possible to determine the final share based on actual costs[126].

The RRF's contribution to the higher-level EU objectives and addressing structural challenges identified in country-specific recommendations is limited

98 A key novelty of the RRF was requiring member states to propose RRPs with reforms and investments that contribute to addressing "all or a significant subset" of

[123] Ibid., paragraph 23 and Figure 4.

[124] Ibid., paragraphs 19-23.

[125] Special report 13/2025, paragraph 21.

[126] Special report 14/2024, paragraph 63 and Special report 13/2025, paragraph 21.

challenges identified in country-specific recommendations (CSRs) under the European Semester[127] and linking disbursements to their progress in completing these measures.

99 The Commission's assessment of the RRPs concluded that the relevant CSRs had been addressed either partially or fully[128]. While we generally agree with this assessment, we noted that gaps remained, largely related to recurring structural challenges member states have been facing for years[129]. In addition, certain CSRs are broadly worded and are not specific enough to offer member states guidance in selecting specific reforms or investments that could contribute to addressing the challenge or need in question[130].

100 In our report on labour market reforms, we found that RRPs included reforms of differing scopes and levels of ambition[131]. For some of them, however, the fulfilment of milestones and targets may not necessarily translate into structural changes in the labour market in the member state concerned[132]. In our report on the digital transition, we also found that member states did not always allocate their RRF funding in accordance with their main digital needs, and several of them allocated a large share of their RRF funding to areas in which they were already performing well above the EU average[133].

101 Based on our analysis of a sample of labour market reforms, 31 % of the sub-CSRs were not addressed by any reform included in RRPs, and only 15 % were fully addressed by RRF reforms (see ***Figure 11***)[134]. None of the 26 member states that received labour market sub-CSRs in 2019/2020 has fully addressed them with relevant RRF reforms and only four have addressed them to a large degree[135].

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[127] Article 17(3) of the RRF Regulation; COM(2023) 99, p. 2; EC SWD(2024) 70, "part 2.1.2, p. 6.

[128] Special report 21/2022, Figure 2.

[129] Ibid., paragraph 51-53.

[130] Special report 13/2025, paragraph 25.

[131] Special report 10/2025, paragraphs 28-29.

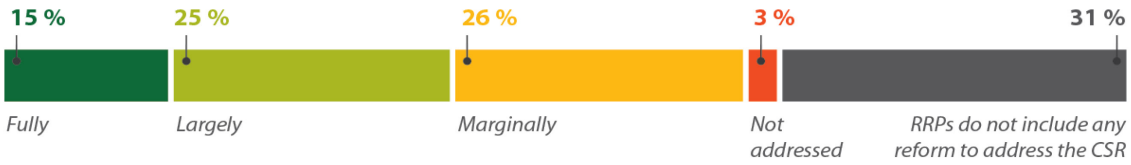
[132] Ibid., paragraph 61.

[133] Special report 13/2025, paragraph 29.

[134] Special report 10/2025, paragraph 39.

[135] Ibid., paragraph 42.

Figure 11 – Extent to which individual labour market sub-CSRs have been addressed by RRF labour market reforms



Source: Special report 10/2025, Figure 6.

102 The completion of RRF labour market reforms has so far had only a limited impact on the implementation of the relevant CSRs[136], as only around 30 % of reforms we sampled contributed to an upgrade in the Commission's assessment of the member state's progress on the related sub-CSRs. This indicates that successful completion of an RRF labour market reform was not the key factor for the Commission when assessing the implementation progress of sub-CSRs. However, we acknowledge that RRF implementation is ongoing, and it may be too early for significant results of these reforms to emerge[137].

The Commission successfully set up a mechanism to scale up borrowing to fund the RRF, but rising financing costs will put pressure on future EU budgets

103 The RRF is mostly financed by borrowing from the markets[138]. The Commission already had a track record of borrowing on financial markets on behalf of the EU, as well as the capacity to do so[139]. However, the scale of the debt issued to fund the RRF, and the financing of grants through borrowing, are novelties for the EU[140].

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[136] Ibid., paragraph 69 and Table 6.

[137] Ibid., paragraph 71-72.

[138] Article 5(1) of Council Decision (EU, Euratom) 2020/2053 on the system of own resources of the EU.

[139] Special report 18/2015: "Financial assistance provided to countries in difficulties", paragraphs 115-136.

[140] Review 01/2023, paragraph 21; special report 16/2023: "NGEU debt management at the Commission: An encouraging start, but further alignment with best practice needed", paragraph 2.

104 Nevertheless, the Commission has successfully scaled up its activities, allowing for timely borrowing of funds in compliance with regulatory limits and at appropriate costs based on its market position[141]. The Commission also satisfied all key regulatory requirements for the NGEU debt portfolio and managed the liquidity of the NGEU bank account efficiently[142].

105 By 30 June 2024, the Commission had issued almost €360 billion in EU bonds and disbursed €150.7 billion in grants and €84.1 billion in loans to member states[143]. We found that in initial 2 years of issuance, the market yields of NGEU bonds were comparable to those of member state bonds with similar credit ratings[144]. Overall, we consider that the Commission set up a debt management system for the NGEU quickly, allowing the necessary funds to be borrowed in a timely manner.

106 The initial bonds were issued at a point in time when interest rates were historically low. Since then, the EU's budget exposure has increased mainly due to the rising financing costs for NGEU borrowing[145]. In 2020, the Commission had forecast costs of €14.9 billion to finance the interest and coupon payments for NGEU borrowing. These estimates were based on expected borrowing interest rates ranging from 0.55 % in 2021 to 1.15 % in 2027[146]. Interest rates have risen significantly, however, to 3.13 % in the first half of 2024[147]. We noted in our 2023 annual report that there is a risk that financing costs for NGEU borrowing may more than double by 2026 from the initial estimate[148].

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[141] Special report 16/2023, paragraph 89.

[142] Ibid., paragraphs 57 and 70.

[143] "Half-yearly report on the implementation of borrowing, debt management and related lending operations […]: 1 January 2024 – 30 June 2024", European Commission, COM(2024) 369, p. 5-6.

[144] Special report 16/2023, paragraph 63.

[145] 2023 annual report, paragraphs 2.50 and 2.53 and Figure 2.23.

[146] Ibid., paragraphs 2.48-2.50.

[147] European Commission, "Half-yearly report on the implementation of borrowing, debt management and related lending operations […]", European Commission, COM(2024) 369.

[148] 2023 annual report, paragraphs 2.40.-2.45.

107 The debt raised to finance RRF grants will be repaid by the EU budget. Although the Commission had made a proposal to introduce new own resources by the start of 2023[149] to finance the repayment of RRF debt related to grants, there is no political agreement on this yet. This, together with the significant increase in financing costs for NGEU borrowing compared to initial estimates, will put significant pressure on future EU budgets and borrowing creates additional risks. Furthermore, the statement of financial performance does not include as revenue the amount borrowed under NGEU. This has a negative impact on the EU's economic result. Negative economic results increase the deficit in net assets as reflected in the EU balance sheet[150].

This review was adopted by the Court of Auditors in Luxembourg at its meeting of 8 April 2025.

For the Court of Auditors

Tony Murphy
President

[149] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: "The next generation of own resources for the EU budget", COM(2021) 566, section 3.

[150] 2023 annual report, paragraph 2.47.

Annex

Annex – ECA reports, review and opinions related to RRF (until April 2025)

Report code	Title
Opinion 06/2020	Opinion concerning the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility
Annual report 2021	Chapter 10 Recovery and Resilience Facility
Opinion 04/2022	Opinion concerning the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814
Special report 21/2022	The Commission's assessment of national recovery and resilience plans – Overall appropriate but implementation risks remain
Annual report 2022	Chapter 2 Budgetary and financial management Chapter 11 Recovery and Resilience Facility
Review 01/2023	EU financing through cohesion policy and the RRF: A comparative analysis
Special report 07/2023	Design of the Commission's control system for the RRF – Assurance and accountability gap remains at EU level in the new delivery model, despite extensive work being planned
Special report 16/2023	NGEU debt management at Commission: An encouraging start, but further alignment with best practice needed
Special report 26/2023	The Recovery and Resilience Facility's performance monitoring framework – Measuring implementation progress but not sufficient to capture performance
Special report 13/2024	Absorption of funds from the Recovery and Resilience Facility – Progressing with delays and risks remain regarding the completion of measures and therefore the achievement of RRF objectives
Special report 14/2024	Green transition – Unclear contribution from the Recovery and Resilience Facility
Annual report 2023	Chapter 2 Budgetary and financial management Chapter 11 Recovery and Resilience Facility
Special report 22/2024	Double funding from the EU budget – Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs
Special report 09/2025	Systems for ensuring compliance of RRF spending with public procurement and state aid rules: Improving but still insufficient
Special report 10/2025	Labour market reforms in the national recovery and resilience plans – Some results, but not sufficient to address structural challenges
Special report 13/2025	Support from the Recovery and Resilience Facility for the digital transition in EU member states – A missed opportunity for strategic focus in addressing digital needs

Abbreviations

CSR: Country-specific recommendation

NGEU: NextGenerationEU

RRF: Recovery and Resilience Facility

RRP: Recovery and resilience plan

Glossary

Absorption: Extent to which member states have received RRF funding from the Commission for the satisfactory fulfilment of milestones and targets.

Country-specific recommendations: Annual guidance, as part of the European Semester, which are issued to individual member states on their macroeconomic, budgetary and structural policies.

Common indicators: Measurable variable providing information on the progress of the implementation of the recovery and resilience facility towards common objectives and the overall performance of the RRF.

Effectiveness: Extent to which the objectives pursued are achieved through the activities undertaken.

Efficiency: The best relationship between the resources employed, the activities undertaken and the achievement of objectives.

European Semester: Annual cycle which provides a framework for coordinating the economic policies of EU member states and monitoring progress.

Final recipient: Person or legal entity that receives RRF funds to implement a measure included in a member state's recovery and resilience plan.

Financial Regulation: The rules governing how the EU budget is set and used, and the associated processes such as internal control, reporting, audit and discharge.

Impact: The wider long-term consequences of a completed project or programme, such as socio-economic benefits for the population as a whole.

Input: The financial, human, material, administrative or regulatory means used to implement a project or programme.

Investment: An expenditure on an activity, project, or other action within the scope of the Regulation that is expected to bring beneficial results to society, the economy and/or the environment.

Milestone: In the context of the RRF, qualitative measure of progress towards the achievement of a reform or investment.

Measure: In the context of the RRF, it is a reform or investment.

Multiannual financial framework: The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for seven years. It provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure.

NextGenerationEU: Funding package to help EU member states recover from the economic and social impact of the COVID-19 pandemic.

Operational arrangement: Agreement between the Commission and a member state on technical matters relating to the implementation of its recovery and resilience plan.

Output: Something produced or achieved by a project, such as delivery of a training course or construction of a road.

Performance: Measure of how well an EU-funded action, project or programme has met its objectives and provides value for money.

Recovery and Resilience Facility: The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic, stimulate recovery and meet the challenges of a greener and more digital future.

Recovery and resilience plan: Document setting out a member state's intended reforms and investments under the Recovery and Resilience Facility.

Reform: Action or process of making changes and improvements with significant impact on long lasting effects on the functioning of a market or policy, the functioning or structures of an institution or administration, or on progress to relevant policy objectives, such as growth and jobs, resilience and the twin transitions.

Result: Immediate effect of a project or programme upon its completion, such as the improved employability of course participants or improved accessibility following the construction of a new road.

Target: In the context of the RRF, quantitative measure of a member state's progress towards the achievement of a reform or an investment.

ECA team

This report was adopted by Chamber IV – Regulation of markets and competitive economy and Chamber V – Financing and administering the Union, headed by ECA Members Mihails Kozlovs and Jan Gregor. The task was led by ECA Members Ivana Maletić and Jorg Kristijan Petrovič, supported by Sandra Diering and Martin Puc, Heads of Private Office and Tea Vlainić and Mirko Iaconisi, Private Office Attachés; Juan Ignacio González Bastero, Principal Manager; Viorel Cirje, Head of Task; Myles Hourican, Jan Olšakovský and Maria Fernandez Iriarte, and Aikaterini Vraila, Auditors. Michael Pyper provided linguistic support. Dunja Weibel provided graphical support.

Ivana Maletić

Jorg Kristijan Petrovič

Sandra Diering

Martin Puc

Tea Vlainić

Mirko Iaconisi

Juan Ignacio González Bastero

Jan Olšakovský

Aikaterini Vraila

Myles Hourican

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European Court of Auditors, review 02/2025: “Performance-orientation, accountability and transparency – lessons to be learned from the weaknesses of the RRF”, Publications Office of the European Union, 2025.

The EU's €650 billion Recovery and Resilience Facility (RRF) was established in February 2021 in response to the COVID-19 pandemic.
We have published several opinions and reports related to the RRF's design, control framework and implementation. They are summarised in this review.
We concluded that the RRF focusses on implementation progress rather than performance with limited information available on its results or efficiency. While the RRF's control arrangements improved over time, they are not yet sufficiently robust.
Finally, RRF implementation is progressing but faces delays, which poses risks in terms of the completion of measures and value for money.
Based on these observations, we include lessons for future performance-based instruments, with the aim of contributing to the discussions on the post-2027 multiannual financial framework.

EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/contact
Website: eca.europa.eu
Social media: @EUauditors

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