



# REPLIES OF THE EUROPEAN COMMISSION

TO THE EUROPEAN COURT OF  
AUDITORS' SPECIAL REPORT

on **RRF traceability and transparency**

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This document presents the replies of the European Commission to observations of a Special Report of the European Court of Auditors, in line with Article 265 of the [Financial Regulation](#). These replies are to be published by the European Court of Auditors together with the Special Report.

# I. THE COMMISSION REPLIES IN BRIEF

The European Commission takes note of the special report of the European Court of Auditors (ECA) on 'RRF traceability and transparency: Gaps remain regarding the traceability and transparency of RRF funds'. The Commission welcomes the generally positive findings and considers that the report may provide a valuable contribution to the *ex post* evaluation of the Recovery and Resilience Facility (RRF) and to the ongoing work on the new funding instruments under the next multiannual financial framework (MFF).

The objective of the RRF is to respond to the economic and social fall-out from the COVID-19 pandemic and build resilience against future shocks<sup>1</sup>. Under the RRF, payments are not made to reimburse costs incurred by national authorities; instead, payments are made to the Member States – the instrument's beneficiaries – when pre-agreed, Council-approved milestones and targets are achieved.

The Commission takes note of the ECA's view that 'information on actual costs' should be requested by the Commission<sup>2</sup>. The Commission recalls that Member States are obliged to (i) put in place appropriate control systems; (ii) collect data<sup>3</sup>; and (iii) ensure full compliance with the requirements for Member States under Article 22 of the RRF Regulation. However, the RRF Regulation does not require Member States to report actual cost data to the Commission; nor does it provide the Commission with any obligation to systematically collect, monitor and report data on Member States' actually incurred costs for each of the more than 2 000 national reforms and investments. Moreover, the Regulation explicitly states that the Union's '*payments should not be subject to controls on the costs actually incurred by the beneficiary*' Member States. In addition, the RRF Regulation specifies that the Commission '*shall report ex post on the expenditure financed by the Facility under each of the pillars [...]. Such reporting will be based on the break-down of the estimated expenditure provided in the approved recovery and resilience plans*'<sup>4</sup>. The RRF legal framework thus reflects the performance-based nature of the instrument.

The ECA states that '*a lack of data on actual costs by measure undermines the Commission's ability to assess whether member states have used the RRF funds efficiently and to carry out a global assessment of the facility*'<sup>5</sup>. The Commission would like to state clearly that the principle of efficiency, one of the principles of sound financial management, as referred to in Article 33 of the Financial Regulation, concerns the best relationship between the resources employed, the activities undertaken and the achievement of objectives. In the Commission's view, this principle does not require – for all basic acts establishing spending programmes – data on actual costs per measure, which is in any case not provided for under the RRF. As the RRF is an EU-level programme with the specific objective '*to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans*' (RRPs), the Commission considers that the efficiency of the RRF must be assessed by comparing

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<sup>1</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility ('RRF Regulation'), Article 4.

<sup>2</sup> Special report, paragraphs 12-14

<sup>3</sup> RRF Regulation, Article 22.

<sup>4</sup> RRF Regulation, Article 29(3).

<sup>5</sup> Special report, paragraph: 14.

the payments to the Member States against the achievement of the relevant milestones and targets, and the underlying reforms and investments, as set out and approved by the Council. This is possible since the resources employed (i.e. the financial contribution and the loan provided to Member States) and the activities undertaken and objectives achieved (i.e. the implementation of reforms and investments, as measured by milestones and targets) are all well known, as per the Council Implementing Decisions. In this respect, the Commission considers that it implements the RRF Regulation in line with the principle of sound financial management and that there is no risk that the absence of data on actual costs by measure impairs its ability to assess efficiency of the RRF, and therefore to assess its sound financial management.

The special report states that *'the Commission does not request actual cost data by measure for managing the RRF'*. The Commission would like to clarify that, while it indeed has no legal mandate to systematically request data on incurred costs, Member States have the possibility to submit actual cost data to justify RRP revisions. In such situations the Commission duly considers this data to assess cost estimates of the overall RRP and requests further clarifications and evidence from the Member States when needed. In particular, the Commission informed Member States, as noted in the guidance on REPowerEU chapters<sup>6</sup> that if *'objective circumstances [...] render a measure no longer achievable with the estimated level of cost or efficiency'*, this can with specific conditions justify a revision of that measure. In addition, where the Commission had been informed of major cost savings under a specific measure, it has requested the respective Member State to address this when revising its RRP. Where relevant, cost data is therefore already used for RRP revisions submitted by the Member States mentioned in Paragraph 40, under each of the three categories identified by ECA<sup>7</sup>.

With respect to the need to ensure transparency around the funding provided under the RRF, the Commission welcomes the ECA's observation<sup>8</sup> that the publication of assessments of the RRFs, their modifications and the payment requests is a specific transparency feature of the RRF, which: *'contribute(s) to an adequate level of transparency on the progress made by Member States in achieving the RRF milestones and targets, and on the Commission's management decisions'*<sup>9</sup>. The Commission welcomes the Court's statement that the publication of these and many additional documents produced by the Commission is not required by the RRF Regulation and reflects the Commission's effort to ensure transparency on the RRF's implementation and the use of funds. The Commission agrees that the publication of such documents increases public awarenesses of the specific objectives included in the respective RRFs of Member States and of the results achieved under the Facility. The Commission also welcomes the ECA's observations confirming that the latest annual reports include a more comprehensive assessment of the progress made in implementing the RRF.

With regard to the deficiencies and inconsistencies in the publication of the 100 largest final recipients noted by ECA, the Commission recalls that the RRF Regulation refers to a requirement to

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<sup>6</sup> Commission Notice Guidance on Recovery and Resilience Plans in the context of REPowerEU 2023/C 80/01, page 5.

<sup>7</sup> Special report, paragraph 40 identifies: - member states that do not use actual cost data to update the estimated cost of measures in their RRP in the case of scope changes or potential cost savings/overruns; - member states that use actual cost data to update the estimated cost of measures in their RRP, but only in the case of scope changes; - member states that use actual cost data to update the estimated cost of measures in their RRP in the case of scope changes and sometimes to reallocate funding within the RRP in the case of cost savings/overruns.

<sup>8</sup> Special report, paragraph 49.

<sup>9</sup> Special report, paragraph: 71.

publish the 100 recipients '*receiving the highest amount*', which some Member States understood to mean awards rather than amounts received. In order to clarify the legal definition of the amounts to be published, the Commission issued dedicated guidance clarifying this concept<sup>10</sup>.

The Commission also notes that it organised a dedicated meeting of the informal RRF expert group on 6 April 2025 which allowed Member States to share best practices and recalled their legal obligations regarding the reporting on the 100 largest final recipients of funds under the RRF. In addition, following each reporting round, the Commission verifies the plausibility of the lists published by the Member States and, where needed, follows up bilaterally with national authorities to correct issues.

Overall, apart from minor issues, the Commission considers that the special report confirms that the Commission has implemented the transparency provisions of the RRF legal framework correctly. The ECA report confirms that Member States generally collect data on actual costs, although such data is not always aggregated by Member States at central level nor reported to the Commission. While the Commission shares the ECA's view that such data aggregation and reporting would be useful, it also notes that this is not legally required and Member States retain the right to implement RRF funds relying on their regular national budget management systems. The Commission welcomes the report's findings and considers that most of the concerns expressed relate to issues which have been addressed under the recast Financial Regulation and the Commission proposals for future programmes.

## II. REPLIES TO THE RECOMMENDATIONS

### **Recommendation 1 - Ensure the comprehensive, systematic and timely collection and publication of information on the use of EU funds**

**When amending the Financial Regulation, the Commission should propose provisions ensuring the comprehensive, systematic, and timely collection and publication of information on the use of EU funds, including information on all public and private beneficiaries, recipients, final recipients, contractors, and sub-contractors, including the amounts committed and paid down to the level of contractors.**

**Target implementation date: when proposing the next revision of the Financial Regulation or designing future FNLTC-based funding instruments, whichever is sooner.**

The Commission **does not accept** recommendation 1.

Regulation 2024/2509 widens the scope of Articles 36 and 38 on the collection and publication of information on the use of EU funds. As from the next MFF 2028-2034, as a general rule, information on the recipients of EU funding, as defined in the Financial Regulation, including amounts committed and, in the case of a commitment with multiple recipients, the breakdown of this amount per recipient where available, will be collected under all management modes and made available to the Commission. For shared management in particular, this information shall be

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<sup>10</sup> Report to the European Parliament and the Council on the implementation of the RRF (COM(2024) 474 final), Annex V: Final recipients under the Recovery and Resilience Facility.

published provided that sector-specific rules require the collection and storage of this information. The Commission, in line with these obligations to collect data, will publish information on recipients of EU funding under all management modes on a centralised website (the Single Gateway, which will include the enhanced Financial Transparency System). This concerns all future programmes adopted under and financed from the next MFF.

Regulation 2024/2509 has been adopted in September 2024 and provides for significant improvements to the data collection and transparency requirements at Union level. Articles 36 and 38 of the Regulation mirror the result of long negotiations between the co-legislators. Those provisions strike an adequate balance between, on one hand, the improvements to data collection and transparency requirements and, on the other hand, the additional administrative burden and increased costs for those implementing the Union budget.

Under the proposal for a regulation establishing the European fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 (future National and Regional Partnership Plans), the information on beneficiaries, recipients, final recipients, contractors and sub-contractors, including the amount of Union contribution committed, as well as operations, will be collected and published both at national and EU level.

## **Recommendation 2 - Ensure actual cost data is used to assess and achieve efficient use of EU funds**

**To assess and achieve efficient use of EU funds, the Commission should:**

- (a) in relation to the RRF, make use of the available actual cost data collected by member states to assess the efficiency of the use of resources *ex post* and determine whether the total actual costs were reasonably close to the estimated costs;**
- (b) for any future instruments based on “financing not linked to costs”, require that member states systematically collect and report to the Commission actual cost data for the purposes of managing the funds, ensuring the efficient distribution of resources during implementation, and assessing efficiency *ex post*.**

**Target implementation date: (a) in time for the *ex-post* evaluation;**

**Target implementation date: (b) when designing future FNLC-based funding instruments.**

The Commission **does not accept** recommendation 2a.

In line with the specific objective of the Facility<sup>11</sup>, the RRF provides Member States with financial support to achieve a comprehensive plan of reforms and public investments. Reforms generally have no direct implementation costs but nonetheless must be completed to receive RRF payments. In line with this design, any assessment of the RRF's efficiency must necessarily be based on EU-level payments and their impact on reaching the RRF's specific objective to support implementation of the national plans. The Commission also recalls that the RRF Regulation does not require any specific cost-based reporting by the Member States and explicitly precludes Commission controls on actual costs<sup>12</sup>. Accordingly, the Commission has no legal basis to systematically request, verify

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<sup>11</sup> RRF Regulation, Article 4(2).

<sup>12</sup> RRF Regulation, Recital 18.

or control actual cost data. At the same time, the Commission would like to underline that, while it cannot systematically request data on incurred costs from the Member States, it has verified through system audits that Member States have put in place effective monitoring and control systems, including for the collection of all data required under Article 22 of the RRF Regulation.

As the assessment of the RRF's efficiency must be based on this legal base, the Commission cannot accept this recommendation.

The Commission **does not accept** recommendation 2b.

FNLTC-based (or “performance-based”) instruments are designed around an objective-based delivery model, where payments are triggered by the achievement of pre-agreed milestones, targets and outputs, not by the reimbursement of individual cost items. In this model, neither the Member States nor the Commission are required to perform systematic, *ex post* verification of underlying actual costs and invoices for each operation. Cost information may still be used where necessary for audit and assurance purposes.

To ensure efficiency, Member States are required to demonstrate *ex ante* that estimated costs are reasonable and plausible, and to ensure that they remain so throughout implementation. Under the Commission proposal for the future National and Regional Partnership Plans, Member States would need to review and, where necessary, adjust these estimates as part of the mandatory mid-term review. This would allow the Commission to assess the plausibility of revised estimated costs and to call for adaptations where appropriate, without introducing a systematic, invoice-based control of actual costs that would undermine the simplification objectives and the logic of FNLTC.