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'I/A' ITEM NOTE

From: General Secretariat of the Council

To: Permanent Representatives Committee (Part 2)/Council

Subject: European Court of Auditors' special report No 26/2023:
"The Recovery and Resilience Facility's performance monitoring
framework - measuring implementation progress but not sufficient to
capture performance"
- Draft Council conclusions

1. On 24 October 2023, the European Court of Auditors published its special report No 26/2023 entitled "*The Recovery and Resilience Facility's performance monitoring framework - measuring implementation progress but not sufficient to capture performance*"¹.
2. Pursuant to the rules set out in the Council conclusions on improving the examination of special reports drawn up by the European Court of Auditors², on 23 November 2023 the Permanent Representatives Committee instructed the Working Party of Financial Counsellors to examine the above-referred special report.
3. On 27 February 2024, the representatives of the Court of Auditors presented the special report to the Financial Counsellors Working Party which started the discussions on it.

¹ This special report is available on the Court's website: <http://eca.europa.eu>.

² Doc. 7515/00 FIN 127 + COR 1.

4. On 27 March 2023, the Working Party reached an agreement on the draft Council conclusions on the Court's special report No 26/2023.
 5. The Permanent Representatives Committee is invited to endorse the draft Council conclusions annexed to this note and to transmit them to the Council for adoption as an "A" item at the 12 April Council meeting (ECOFIN).
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DRAFT (2nd revision)

Council conclusions

on the European Court of Auditors' special report No 26/2023

"The Recovery and Resilience Facility's performance monitoring framework - measuring implementation progress but not sufficient to capture performance"

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the publication of the special report No. 26/2023 by the European Court of Auditors (hereafter referred to as 'the Court') and TAKES INTO CONSIDERATION the findings and recommendations of the Court.
2. RECALLS that the examination of the accounts of all revenue and expenditure of the Union is conferred on the Court by the Treaties. UNDERLINES that the assurance of the correct implementation of the Recovery and Resilience Facility (RRF) expenditure is crucial for improving accountability and transparency, and thereby enhancing citizens' trust. WELCOMES that the special reports of the Court provide valuable information and insights on specific elements of the RRF.
3. CALLS on the relevant audit authorities to ensure harmonisation and proportionality in auditing practices and to avoid, through a stronger coordination, unnecessary overlaps in the control of the achievement of milestones and targets.

4. RECALLS that the Commission should monitor the implementation of the RRF and measure the achievement of its objectives. STRESSES that the monitoring of the implementation of the RRF should be targeted and proportionate to the activities carried out under the RRF.
5. RECALLS, further, that the recovery and resilience scoreboard (the 'Scoreboard') constitutes the performance reporting system of the RRF. REMINDS that the Scoreboard displays the progress of the implementation of the recovery and resilience plans of the Member States in terms of milestones and targets achieved and the common indicators reported under each of the six pillars. To this end, NOTES that Member States report on common indicators twice a year, and the Commission publishes this data in the recovery and resilience Scoreboard and in the annual reports.
6. RECALLS that, while the financial contribution to the Recovery and Resilience Plans was determined on the basis of the estimated total costs of those plans, the RRF is a performance-based instrument, with payments linked to the satisfactory fulfilment of milestones and targets and not to the costs incurred by the Member States for fulfilling those milestones and targets. RECALLS that, without prejudice to the right of the Commission to take action in the event of fraud, corruption, conflicts of interests or double funding from the RRF, payments should not be subject to controls on the costs actually incurred by the beneficiaries.

7. NOTES that the Courts' audit examined whether the RRF's monitoring framework is appropriate for measuring its performance, in particular whether: (1) the elements of the RRF's monitoring framework are suitable for measuring its performance; (2) the Commission and member states have arrangements to ensure data quality; and (3) the Commission's and member states' reports provide appropriate and timely information.
8. TAKES NOTE of the observations of the special report, in particular that:
- milestones and targets and common indicators contribute to measuring implementation progress but were limited for assessing overall performance;
 - the Commission and Member States generally made arrangements to ensure data quality, but there were shortcomings;
 - reporting obligations had mostly been met, but information on progress had been limited and the Scoreboard had weaknesses.
9. TAKES INTO CONSIDERATION the recommendations of the Court, namely:
- ensuring a comprehensive performance monitoring and evaluation framework when designing instruments based on financing not linked to costs;
 - improving the quality of data on the common indicators;
 - improving the transparency and quality of the data reported on the Scoreboard;
 - ensure more informative and consistent reporting.

10. CONSIDERS that some of those recommendations go beyond the requirements of the RRF Regulation. IS OF THE OPINION, however, that they could offer useful insights for the design of monitoring and evaluation frameworks for performance-based instruments.
11. TAKES NOTE OF the Commission's replies to the findings and recommendations included in the Court's report. NOTES that the Commission accepts the majority of the recommendations of the Court and that it is in the process of implementing many of those recommendations.
12. ENCOURAGES the Commission, in close cooperation with the Member States, to:
 - strongly consider the implications of the monitoring and performance reporting requirements in terms of costs and administrative burden;
 - identify concrete ways to streamline the reporting process, avoid duplication, reduce the administrative work related to the implementation of the instrument and ensure that the beneficiaries of Union funding are subject to proportionate reporting requirements, while continuing to ensure the protection of the financial interests of the Union;
 - further improve the clarity and transparency of the data reported on the Scoreboard;
 - include more available information on on-track and delayed milestones and targets per pillar in future reporting on the implementation of RRF.
13. REAFFIRMS the importance of an effective performance monitoring system of the RRF for measuring the achievement of its objectives and its efficiency and assessing the actual progress achieved on the ground.
