

EP: EU Needs Strong Auditing and Monitoring Mechanism for Recovery and Resilience Facility

Thomas Wahl

On 23 June 2022, the European Parliament (EP) adopted a [resolution on the implementation of the Recovery and Resilience Facility \(RRF\)](#). The resolution aimed to provide EP's input to a review process regarding the progress of the RRF implementation. A review report by the Commission is expected by the end of July 2022.

The RRF (laid down in [Regulation 2021/241](#)) is the EU's main financing tool in order to overcome the negative impacts on the EU's economy due to COVID-19. In order to receive money from the RRF (financed through grants and loans), Member States must meet specific conditions. They are, *inter alia*, required to present a coherent set of reforms and investments in a national Recovery and Resilience Plan (NRRP). The Commission assesses the plans focusing on their relevance, effectiveness, efficiency and coherence, and proposes their adoption to Council through Council implementing decisions (CID). The RRF is a performance-based instrument and the payments are conditional upon the achievement of milestones and targets.

Regarding the protection of the EU's finances and values, MEPs stress that a strong auditing and monitoring mechanism for RRF expenditure, implementation and data management must be ensured, so that misuse, double funding or the overlapping of objectives with other EU funding programmes is prevented. It is further underlined that compliance with the rule of law and Art. 2 TFEU is a prerequisite for accessing RRF funding and that the [EU's rule of law conditionality mechanism](#) is fully applicable to the RRF. Hence, the Commission and the Council are called on to refrain from approving Hungary's draft NRRP as long as concerns regarding the observance of the rule of law, the independence of the judiciary and the prevention and detection of and fight against fraud, conflicts of interest and corruption persist.

In addition, the sound financial management of EU funds need continuous evaluation throughout the life-cycle of the RRF and it should be possible to halt or recover already-disbursed funds in case of non-compliance.

Regarding transparency, MEPs expect continuous monitoring of the implementation of the RRF's [six pillars](#), as well as the 37% target for green spending and 20% for digital issues. They call to mind that Member States should collect and ensure access of data on beneficial owner(s) of the recipient of the funds and beneficiaries of the programme.

MEPs took also position on strategic autonomy, the war in the Ukraine and social investment. In this context, MEPs encourage, *inter alia*, Member States to use the full potential of the RRF, including [loans](#), to counter the

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effects of current and future challenges – in areas like SMEs, health care, measures to support Ukrainian refugees, and aiding local and regional administration in using funding effectively.

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