

# Mid-term Evaluation of the Recovery and Resilience Facility



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**News**

On 21 February 2024, the European Commission presented the mid-term evaluation of the Recovery and Resilience Facility (RRF), the centrepiece of the NextGenerationEU coronavirus recovery plan. At the beginning of April, the European Court of Auditors pointed to several challenges of this special fund painting a less encouraging picture for the future.

Unprecedented in scale and ambition, the RRF was established in February 2021 with the twofold objective of supporting Member States in their recovery from the COVID-19 pandemic as well as strengthening their resilience and making EU economies and societies greener, more digital and more competitive (→ [eucri](#)m 3/2021. 351). The RRF is also crucial in addressing urgent challenges, such as dealing with the impact of Russia's war of aggression against Ukraine. Reforms and investments are detailed in Member States' recovery and resilience plans.

## The Commission's evaluation report

The Commission presented its main findings on the mid-term evaluation in a [Communication](#). The Communication assesses the progress made so far in implementing the RRF, looks at what has worked well and what could be improved, and outlines the way ahead. It is accompanied by a [staff working document](#) that provides further details on the evaluation.

According to Commission [President Ursula von der Leyen](#), NextGenerationEU continues to support economic recovery and drives positive change across the EU after three years in existence. The report stresses that a real difference on the ground could be made with the help of the RRF, for instance:

- Over 28 million megawatt hours (MWh) in energy consumption have been saved;
- Over 5.6 million additional households now have internet access via very high-capacity networks;
- Almost 9 million people have benefitted from protection measures against climate-related disasters, e.g., floods and wildfires.

By the end of 2023, more than 1,150 milestones and targets had been assessed by the Commission as satisfactorily fulfilled.

The RRF also considerably contributed to public investment increases. The Commission estimates that the EU's real GDP is going to increase by up to 1.4% in 2026 due to the NGEU.

Updates of the national plans led to positive effects in the Member States' economies. These updates increased the size of EU support for the economies with close to €150 billion. The Commission also draws positive conclusions with regard to country-specific recommendations issued in the context of the European

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Semester. Member States were enabled to implement long-awaited reforms in a wide range of policy areas, notably to support the green and digital transitions, and to improve social and institutional resilience.

Looking at the lessons learned, the mid-term evaluation highlights the broad support from Member States and other stakeholders for the performance-based approach of the RRF, where payment of EU funds is conditional on meeting agreed milestones and targets. Paying out on the basis of progress and results achieved, rather than costs incurred, provides predictability and accountability for both Member States and the Commission, the report says.

Room for improvement is particularly seen with regard to the RRF's reporting and control system. According to the report, Member States' authorities at all levels found the audit and control procedures too complex. In addition, Member States complained about overlapping audits by national authorities, the Commission and the European Court of Auditors. The simultaneous spending of cohesion policy funds, which follow different rules and rely, for the most part, on cost-based controls, also contributed to this perception. The Commission will identify areas of potential administrative simplifications while ensuring the protection of the EU's financial interests and transparency as to how funds are implemented and the fulfilment of milestones verified.

### The European Court of Auditors' criticism

In contrast to the Commission, the European Court of Auditors (ECA) cautioned against jumping to conclusions on the RRF's achievements too early. In a [press release of 2 April 2024](#), the auditors pointed out that, as of late March 2024, only just over a third of the funds available for disbursement under the facility have been paid out. A problem is the "competition" between the RRF and cohesion funding leading to absorption in some Member States. Three EU countries (the Netherlands, Ireland and Sweden) even have not yet received any RRF funding. Given that there are only two years left for the instrument, pressure for spending exists, which, as past experience demonstrated, does not bode well for the quality of the programmes, the ECA says. The ECA believes that spending mistakes and fraud will increase also due to the fact that RRF funds are subject to less scrutiny and more self-policing.

The ECA expressed its concerns about the repayment of the loans taken from the financial markets for RRF funding. Interest rates have considerably increased in recent years, but there is no dedicated source of EU funding to pay back the loans. Auditors estimate that interest charges could rise to as much as €27 billion for the EU's entire multi-year budgeting period, doubling initial estimates. The ECA wonders whether repayment (due between 2028 and 2058) simply will be passed down to the next generation of taxpayers.

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