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European Union

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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Recovery and Resilience Facility Midterm Evaluation 2024 - Draft Council Conclusions

Delegations will find attached draft Council conclusions on the Recovery and Resilience Facility (RRF) Midterm Evaluation 2024 proposed by the Presidency on the basis of the Economic and Financial Committee deliberations.

RECOVERY AND RESILIENCE FACILITY (RRF)

MIDTERM EVALUATION 2024

[DRAFT] COUNCIL CONCLUSIONS

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the publication by the European Commission of the midterm evaluation of the Recovery and Resilience Facility (RRF) in accordance with article 32 of Regulation 2021/241.
2. HIGHLIGHTS the central role of the RRF in the context of the Next Generation EU in a common, exceptional and temporary response to the economic and social fall-out from the COVID-19 pandemic. RECOGNISES the role the RRF in supporting economic recovery, improving resilience and confidence, and in stabilising market expectations.
3. RECOGNISES the positive contribution of the RRF to the green and digital transitions and other EU priorities and NOTES the incentive to implement the country-specific recommendations (CSRs), notably through an acceleration of structural reforms. RECOGNISES the flexibility provided by the RRF in responding to changing circumstances and the importance of the REPowerEU chapters, which were added in response to the energy crisis resulting from Russia's unprovoked aggression against Ukraine and their swift implementation.

4. AGREES that the nature and timing of this report comes too early for the report to be able to deliver a fully-fledged impact evaluation of the RRF, namely on Green House Gas emissions, competitiveness, productivity and potential growth, among other things. ACKNOWLEDGES the assessment of the Commission in terms of preliminary positive initial outcomes related to economic growth and resilience, employment and investments. INVITES the Commission to further refine tools to assess key macroeconomic impacts.
5. ACKNOWLEDGES that the large increase in EU funding available to support investments through the RRF, in combination with external shocks, has placed a considerable absorption capacity challenge on national administrations, including at regional and local level.
6. NOTES the significant administrative burden related to the implementation of the Facility within Member States. INVITES the Commission, in close cooperation with Member States to identify concrete ways to streamline the reporting process, avoid duplication and reduce the administrative work related to the implementation of the instrument, in the framework of Regulation 2021/241, while ensuring the adequate protection of the financial interests of the Union.

7. RECOGNISES the innovative nature of the RRF as a performance-based spending instrument. WELCOMES that the RRF aims at strengthening national ownership and that the focus of the instrument is on delivery and implementation. UNDERLINES the role of timely and clear guidance from the Commission in order to ensure transparency and equal treatment among Member States.
8. INVITES the Commission to continue to draw lessons from the implementation of the performance-based nature of this instrument.
9. ACKNOWLEDGES the thorough multilateral surveillance conducted in the adoption of the plans and their revisions and in the assessment of payment requests submitted by Member States. INVITES the Commission and the Members States to improve the technical bilateral discussions towards the assessment of achievement of milestones and targets, making them more predictable and efficient.
10. UNDERLINES the need to assess the implementation of milestones and targets in line with the requirements of Regulation 2021/241 and Council Implementing Decisions. INVITES the Commission to explore ways to make best use of the flexibility available in the Commission's guidance, within the boundary of the Regulation and Council Implementing Decisions.

11. ACKNOWLEDGES the requirements in terms of Audit and Control, which exist to protect the financial interests of the Union and 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.
12. UNDERLINES that the swift completion of investments and reforms by August 2026 remains key for achieving the full implementation of the Facility. LOOKS FORWARD to the final evaluation of the RRF scheduled by Regulation 2021/241 in 2028, to assess the full impact of the RRF.