



Performance-based delivery of the Recovery and Resilience Facility Blueprint for future EU spending instruments?

SUMMARY

The European Union (EU) is committed to ensuring its budget delivers maximum value for citizens by focusing on results and performance. In 2018, as part of the shift towards performance-based budgeting, the EU revised the rules applicable to the general budget and introduced the possibility of financing that is not linked to cost (FNLC) in addition to the traditional ways of financing based on incurred costs (Article 125 of EU Regulation 2018/1046). Under this method, payments are based on results achieved, and are made if a beneficiary fulfils predefined conditions linked to progress in implementing or achieving the objectives of a project or programme.

The Recovery and Resilience Facility (RRF) – the EU's ground-breaking instrument created to support the Member States' post-pandemic economic recovery – is a key example of how this delivery method is applied. For the first time, disbursements to the Member States depend on achieving pre-defined milestones and targets relating to the implementation of reform and investment measures.

Since the creation of the RRF, the EU has set up similar instruments in other policy areas. The Ukraine Facility (UF) and the Reform and Growth Facility for the Western Balkans (WBF), both launched in 2024, share some key features with the RRF delivery method. Along with the application of the FNLC principle for payments, other common features include the prominent role of the reform measures, using scoreboards to monitor implementation, and setting up special forums, known as 'dialogues', for the exchange of information and views with the European Parliament. Examining in detail this innovative way of funding as it applies to the three facilities helps to shed light on an emerging, performance-based modus operandi that is already being discussed as a possible blueprint for other spending tools under the post-2027 EU budget.



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EU budget increasingly focused on results

Over the last two decades, with a view to improving the effectiveness and efficiency of spending, the European Union (EU) has gradually introduced various innovations linked to the concept of [performance-based budgeting](#). This method pays special attention to linking funds to measurable results and making systematic use of information on performance in budgetary decision-making. [Compared](#) to traditional ways of budgeting, where the focus is on inputs as ends in themselves, on spending limits, and on compliance and regularity of spending, performance-based budgeting emphasises a relationship between inputs and results. It asks what can be best achieved with the funds available.

In line with this approach, the Commission launched the '[EU Budget Focused on Results](#)' initiative in 2015. It aimed to make the focus on results a horizontal priority for the EU budget, within all stages of the budgetary cycle, and across EU policies. Over the following years, several actions introduced performance budgeting in the EU budget in a more regular and coordinated manner. As a result, today's performance budgeting framework includes rules, standards and mechanisms for collecting and presenting [performance information](#), performance monitoring, [evaluation](#) and democratic scrutiny. It also has elements of performance [conditionalities](#) related to the budgetary decisions.

Although [advanced](#), the EU performance framework has weaknesses. Despite the [progress](#) made, particularly in cohesion policy, the possibilities to use performance information to influence budgetary allocations are very limited in the EU model. Linking the results achieved to decisions on the allocation of funds is one of the fundamental aspects of the concept of performance-based budgeting. However, it is challenging to put into practice, [not only](#) in the EU budgetary system.

The creation of the Recovery and Resilience Facility ([RRF](#)) in February 2021 was an important and innovative step towards completing the EU performance budgeting framework. For the first time, disbursements are conditional upon achieving pre-defined goals rather than presenting invoices proving the actual costs incurred. Shortly after the RRF began to be implemented, and thus too early for an in-depth evaluation of how it functions, the European Commission put forward proposals for three new funding instruments with a similar, result-based delivery mechanism for part of their allocation, namely the [Social Climate Fund](#) in [July 2021](#), the Ukraine Facility ([UF](#)) in [June 2023](#), and the Reform and Growth Facility for the Western Balkans ([WBF](#)) in [November 2023](#).¹ Most recently, in [October 2024](#), the Commission proposed the fourth instrument with a very similar design – the Reform and Growth Facility for the Republic of Moldova.

The instruments' performance frameworks share some key features, indicating a new trend in the way the EU budget is spent. Moreover, in the well-advanced discussions on the post-2027 multiannual financial framework (MFF), there is a clear expectation that the shift towards a result-based delivery method will become stronger.² Therefore, on top of the RRF experience, it is useful to examine this innovative way of funding in the design of the recently adopted instruments. The analysis and comparison presented in this briefing is limited to the RRF, UF and WBF, as these are the instruments that are most advanced in terms of implementation. The implementation of the Social Climate Fund is [planned](#) only for 2026–2032, and the proposal for the facility for the Republic of Moldova is still at an early stage of the legislative procedure.

New forms of EU contribution in the Financial Regulation

The EU rules on financial management are included in [Regulation \(EU\) 2024/2509](#), known as the [Financial Regulation \(FR\)](#). The shift towards more result-based spending in the EU budget was demonstrated in two subsequent revisions of the FR that extended the list of the forms of Union contribution and, in addition to the traditional reimbursement forms based on incurred costs, made it possible to use result-based tools. Consequently, since 2012, Article 125 of the FR allows for greater use of [simplified cost options](#) (such as lump sums and flat rates), and since [2018](#) the contribution can be provided in the form of [financing not linked to cost](#) (FNLC) (see box below).

The latter is particularly relevant for performance-based EU spending, because it makes a clear link between results and payment. In other words, it makes a link between information on performance and budgetary allocation. If the FNLC principle is applied, operations can be covered by EU resources based on fulfilling conditions (financial conditionality) related to progress in implementing or achieving the objectives of the programmes.

One of the important advantages of this form of contribution is that the conditions can be related to various measures, including those that do not generate costs, such as reforms. Consequently, the FNLC principle enables financial support even if it is difficult to translate the cost of a measure into a specific value on an invoice.

Until recently, however, the take-up of these new forms of financing had been limited. Even under EU cohesion policy, where tools strengthening performance budgeting, such as simplified cost options, were introduced in the 2007–2013 programming period and significantly [expanded](#) in 2014–2020, the shift towards result-based financing has been slower than expected. The 2021 [Special Report](#) by the European Court of Auditors (ECA) pointed to some reasons for this, in particular some ambiguity in the rules on the application and control of the new financing options.

In other areas of EU spending, such as the European [neighbourhood policy](#), [research policy](#), and [development policy](#), the application of performance-based mechanisms, including FNLC, is still at an [initial stage](#). In the near future, useful experience can be gained with the implementation of the [2023–2027 reform](#) of the common agricultural policy. This applies a performance-based delivery model whereby all interventions are planned ex ante, linked with output indicators, and payments are based on these indicators.

RRF performance-based delivery method

In this context, the establishment in February 2021 of the RRF was a turning point for the application of the FNLC principle in EU spending. When proposing it, the Commission [explained](#) that the delivery model would be the facility's distinctive feature.

At the time, none of the existing instruments envisaged direct financial support linked to the achievement of results and the implementation of reforms and investments by the Member States. Designed to channel [unprecedented](#) EU financial support to the Member States, who were fighting the consequences of the COVID-19 crisis, the RRF was soon depicted as a [game changer](#) and a [giant leap](#) in applying the performance-based approach to EU expenditure.

Main features of the RRF delivery method

- **National recovery and resilience plans (NRRPs):** In accordance with [Regulation 2021/241](#) (the RRF Regulation), in order to receive support each Member State had to submit an NRRP to the European Commission describing the country's strategy for using the allocation. It comprises the measures – reforms and investments – eligible for support, and milestones and targets to be achieved within agreed deadlines. Following a positive assessment by the Commission, the content of the document had to be approved by the Council. Under certain conditions, the plans can be amended and approved according to the same procedure.

Financing not linked to cost (FNLC)

Article 125 of the Financial Regulation defines the forms of Union contributions under direct, shared and indirect management. Apart from the reimbursement of eligible costs actually incurred, unit costs, lump sums and flat-rate financing, it includes the possibility to provide financing not linked to the cost of the relevant operations. The financing is then based on the fulfilment of conditions set out in sector-specific rules or Commission decisions, or the achievement of results measured by reference to previously set milestones or through performance indicators.

Articles 183 and 189 of the Financial Regulation specify the rules on applying it to grants and estimating eligible costs.

- **Financing not linked to cost:** The main novelty in the design of the RRF delivery model compared to existing EU funds and programmes is the consistent application of the FNLC principle based on Article 125 of the FR. Payments under the RRF do not depend on verification of costs incurred in a given project – as is the case, for example, with EU cohesion funds – but are conditioned on the results achieved. Disbursements are made when a Member State satisfactorily fulfils predefined conditions called milestones (qualitative achievements) and targets (quantitative achievements). The milestones and targets are the measures of progress towards the implementation of reforms and investments envisaged in the NRRP. Suspension of all or some of the payments is possible if the relevant conditions are not fulfilled.³ While milestones and targets have only an indicative completion date, the final date to make payments is set for 31 December 2026.
- **Application of the FNLC principle is limited to the payments from the Commission to Member States:** The RRF method applies to payments between the Commission and beneficiary countries; further reimbursements between the countries and final recipients take place according to national rules. This has consequences for the audit of RRF spending. As compliance of expenditure incurred by final recipients with EU and national rules is not a condition for RRF payments, the [ECA's audit](#) is limited to the payments between EU and national level, and does not involve a systematic assessment of the subsequent financial operations.
- **Prominent role of reforms:** The RRF finances coherent packages including both investment and reform measures. According to the [RRF mid-term evaluation](#), making RRF disbursements conditional upon implementing structural reforms is one of the most positive and effective aspects of the RRF delivery system. It has already shown it is able to incentivise implementation of structural reforms in the Member States (see below).

Experts' and stakeholders' views on the RRF delivery method

Since the creation of the RRF, a growing body of analyses have explored the model and its implementation, often comparing it to the way the governance of EU cohesion funds is organised. Many studies have been prepared with a view to applying a similar model on a bigger scale in the future, particularly in the context of the discussion on the post-2027 MFF.⁴ There is a general consensus about the advantages of making EU spending more result-oriented, and about the significant role the experience with the RRF can play on this learning path. However, experts highlight the areas where adjustments are still needed to ensure better functioning of the RRF and any future instruments based on the FNLC principle.

Limitations of the RRF performance-based model

The RRF is [criticised](#) for not being fully performance-based – mostly because milestones and targets included in the recovery plans are not good indicators for [measuring results](#) – and the limitations of the RRF delivery method have been described in detail in a series of [ECA reports](#). As an example, in the [2023 Special Report](#) on the RRF's performance monitoring framework, the EU auditors found many of the milestones and targets included in the NRRPs to be insufficiently specific or varying in ambition. The ECA assessed that they largely focus on outputs not results, and therefore do not capture performance and achievement of goals, but rather measure progress in implementation and steps taken towards the objectives.

In addition, as the EU auditors concluded [elsewhere](#), the RRF Regulation gives the Commission broad discretion to decide when a milestone or target is 'satisfactorily' fulfilled. All this increases the risk of different interpretations of what has actually been achieved. Therefore, the ECA recommends that, in the future, the Commission should apply consistent and clear terminology when designing similar instruments based on the FNLC principle. This concerns, in particular, the definitions of indicators, results and impacts, as well as the rules for reporting of performance data.

Furthermore, the ECA 2024 [Special Report](#) on the absorption of the RRF highlights the issue of the sometimes weak relationship between the amount of disbursements and the quantity and importance of the milestones and targets included therein. The Court sees a risk that RRF funding will be paid based on the intermediate steps but without Member States having completed their measures as planned. If the Commission prepares new instruments based on the FNLC principle, the ECA recommends closely linking disbursement of funds with progress in achieving objectives. The Commission contested this assessment and [argued](#) that 'there is no requirement in the RRF Regulation for milestones and targets to measure the completion of reforms and investments. The inclusion of completion milestones and targets for all types of measures is not always relevant or possible and would have created disproportionate burden for both national authorities and the Commission, with little impact on the final results.'

The RRF is often compared with the model applied under EU cohesion policy. While the RRF is an important, new factor influencing the debate on the reform of the policy, the idea of aligning future cohesion funds with the RRF delivery model is sometimes questioned. For example, a group of experts advising the [Reflection Group on the future of Cohesion Policy](#) [argue](#) that the RRF performance-based model does not live up to the promise of lean monitoring based on 'results not receipts'. They think that the facility is not genuinely more performance-based than the cohesion policy funds implemented in line with the rules of the current 2021-2027 programming period. One of the RRF's weaknesses, according to the study, is related to the way it applies the FNLC principle: even though payments from the RRF are not based on the invoices certifying costs incurred, Member States must include estimated costs for measures in their NRRPs. The authors claim that this, together with a requirement to collect and make available data on the largest final beneficiaries, contributes to the administrative burden, which is not lighter than for other forms of financing.

Similarly, the authors of a [study](#) prepared for the Commission on the implementation of the European Social Fund+ highlighted a challenge related to the application of the FNLC method resulting from two conflicting objectives – simplifying and reducing the administrative burden on the one hand, and justifying actual expenditure incurred in order to meet the requirements of the national and EU audit bodies.

Advantages of the RRF performance-based model

However, there are also strong voices arguing that it is precisely the performance-based approach that is the key to the success of the RRF. While it is not free from drawbacks and needs rethinking, it is considered a major step on the path to more result-based EU spending. Since a new political cycle is beginning in the EU, CEPS experts [recommend](#) to the future Commissioner responsible for the EU budget to build on this experience.

The results of an extensive [study](#) prepared as a basis for the [mid-term evaluation of the RRF](#) in 2023 show that stakeholders, national bodies and EU institutions appreciate the shift towards result-based financial governance and mention it among the most effective aspects of the instrument. The possibility to define ex-ante goals to be achieved, performance indicators, and the definition of a clear timeline for implementation with the deadline in 2026 is considered an effective approach to public policymaking and public spending. According to the study, the RRF governance model improves accountability, predictability, efficiency in the decision-making process, and internal discipline in public administration.

Apart from this, the most important advantage of the RRF highlighted in the study is the capacity to support reforms in addition to investments. This aspect, according to the authors, brings tangible results and a new dimension to EU funding initiatives. They note that, even in the initial phase of its implementation, the RRF has proved able to leverage structural reforms with a strength that cohesion policy tools have traditionally lacked.⁵ Recent press reports about the preparation for the reform of the EU's finances post-2027 (Agence Europe, [11 October 2024](#); POLITICO, [5 October 2024](#)) indicate that this feature of the RRF, with some adjustments, is being considered among the possible options to be applied more broadly to EU funds and programmes.

RRF performance framework compared with the UF and the WBF

When proposing the [Ukraine Facility](#) (UF) and the [Reform and Growth Facility for the Western Balkans](#) (WBF), in June and November 2023 respectively, the Commission explained that it had designed them on the basis of lessons learned from the RRF model. The UF was [established](#) for the years 2024–2027 with a total budget of €50 billion, to support the country's recovery, reconstruction and modernisation. It covers three main areas: Pillar I – direct financial support (grants and loans) for the delivery of reforms and investments included in the Ukraine Plan; Pillar II – a specific investment framework to support investments and provide access to finance (grants); Pillar 3 – technical assistance (grants). Each pillar has a different model of [financing](#) and [delivery](#). About three quarters of the total amount will be spent under Pillar I and be based on the FNLC approach.

The WBF also covers the 2024–2027 period, i.e. the last four years of the current MFF. [Approved](#) in May 2024, the instrument aims to support the socio-economic development and preparation for EU accession of Albania, Bosnia and Herzegovina, Kosovo,⁶ Montenegro, North Macedonia and Serbia. The WBF's overall allocation amounts to €6 billion (€2 billion of non-repayable support, including grants and budgetary guarantees, and €4 billion in loans). Except for a small part dedicated to technical and administrative assistance (1.5% of the total allocation), most of the WBF allocation will support reforms and investments included in the Reform Agendas of the beneficiary countries. The spending will be based on the FNLC principle.

The table in the annex presents a comparison of the main characteristics of the RRF, the UF and the WBF. The comparison focuses on the performance framework of the Facilities, but also shows other interesting aspects of their design and functioning, such as the role of EU institutions, minimum spending targets, elements of gender equality, and application of the partnership principle. It shows that, while created for different beneficiary countries (EU Member States and candidate countries), within different policy areas, and endowed with budgetary resources of different sizes, the three new EU instruments share some fundamental features that are relevant for the discussion on the future result-based EU spending. The following areas of the comparison are worth highlighting:

- **Application of the FNLC principle:** In essence, funding from all three Facilities is disbursed based on the FNLC principle laid down in Article 125(1)(a) of the Financial Regulation, i.e. the payments are linked to certain conditions and achievement of results, not to the costs actually incurred. Nevertheless, the FNLC principle is mentioned directly only in the recitals of the RRF and the UF regulations (recitals 18 and 62 respectively), and there is no reference to it in the WBF Regulation.
- **Measures of progress:** While, in the implementation of the RRF, the measures of progress and conditions for payment are milestones (qualitative achievements) and targets (quantitative achievements), progress in the UF⁷ and the WBF is measured by qualitative and quantitative steps. Given the criticism concerning the milestones and targets (see above), this semantic change of the term helps to reflect better the nature of the conditions for payments as measuring the progress, i.e. steps towards the objectives, not the achievement of complete reforms or investments.
- **Specific preconditions for payments:** Demonstrating that a country beneficiary has achieved concrete steps is not sufficient for authorising payments under the UF and WBF. Apart from the horizontal rules stemming from the Financial Regulation and applying to all EU budgetary resources, the support under the UF and WBF is subject to specific preconditions that have to be checked with each request for disbursement. Ukraine has to uphold and respect democratic mechanisms, a multi-party parliamentary system, and respect for human rights (Article 5 of the UF Regulation). Similarly, any disbursement from the WBF is preceded by an assessment of a number of fundamental preconditions related to a well-functioning democracy, human rights, pluralistic media, free and fair elections and the rule of law (Article 5 of the WBF

Regulation). In addition, Serbia and Kosovo⁸ are required to engage in constructive negotiations and normalisation of their relations, make 'measurable progress' and show 'tangible results' in this regard. According to the Jacques Delors Institute, the preconditions for payments are a [strong signal](#) to the beneficiary countries that stagnation or backsliding on basic democratic and rule of law reforms can put EU financial support on hold.

- Although the RRF Regulation does not include such specific preconditions to be fulfilled by the Member States, payments are subject to Regulation [2020/2092](#) on a general regime of conditionality for the protection of the Union budget, known as the **rule of law conditionality mechanism**. In addition, before any payments could be made, all Member States had to fulfil key requirements concerning the design and functioning of their national audit and control system for the RRF financial support. In the NRRPs of [Hungary](#) and [Poland](#), a greater number of rule of law-related milestones ('super-milestones') were included, without which no payment under the RRF will be allowed.⁹ Experience of withholding payments for these countries shows that it is an effective precondition, ensuring that the funds are not paid if there are breaches of or a risk to the rule of law in the Member States.
- **Possibilities to reuse suspended or unused amounts:** The Facilities differ in terms of solutions on reusing the suspended or unused amounts. If the payment conditions for the release of the WBF are not met, the Commission can redistribute part or all of the amount among other Western Balkan beneficiary countries. Under the UF, the amounts decommitted due to non-implementation should be re-entered into the EU budget line of origin. The RRF grants pre-allocated to a given Member State, but not paid out, cannot be distributed again and are forfeit (these funds will not be borrowed by the Commission).
- **Rules for pre-financing:** Under each facility, a share of the pre-allocated funds can be paid as pre-financing that is then gradually cleared against the following payments based on progress on implementation. Under the RRF, up to 13 % of the initial grant and loan allocation could be paid out without presenting any achievements, if a Member State requested it and its plan had received Council approval by the end of 2021. Member States could also request without any conditions up to 20 % of the additional REPowerEU allocation.¹⁰ Under the UF, the pre-financing of up to 7 % of the loan support (under Pillar 1) can be paid to Ukraine if the pre-conditions defined in Article 5 of the UF Regulation (see above) are met. Under the WBF, the pre-financing amounts to 7 % of the total allocation and it also depends on the fulfilment of the pre-conditions defined in Article 5 of the WBF Regulation.
- **Implementation based on a strategic programming document:** The implementation of the Facilities is based on key strategic documents, prepared by each beneficiary country. Despite their different names (National Recovery and Resilience Plan in the RRF, Ukraine Plan in the UF, and Reform Agenda in the WBF), the documents play similar roles and have a similar structure.¹¹ They include a comprehensive outline of the rationale for support, objectives, measures (reforms and investments), conditions for payments (milestones, targets or steps), estimated costs, and an indicative timeline for their realisation. Assessed and endorsed by the Commission, the NRRPs and the Ukraine Plan have to be approved by the Council in the form of an implementing decision. The approval process for the Reform Agendas prepared by the Western Balkan beneficiary countries is different and requires a positive assessment by the Commission followed by consultation with the EU Member States under the [comitology procedure](#) and finalised in the Commission's implementing decision.¹² Under the circumstances specified in the respective regulations, the NRRPs, Ukraine Plan and Reform Agendas can be modified. The modifications are approved according to the same procedure as for the original plan/agenda.

- **Prominent role of reforms:** As mentioned above, one of the biggest benefits of the FNLC solution is the possibility to support reforms. This approach is present in all three Facilities and is seen as a positive step. The reforms are [considered](#) to be an effective means to trigger structural changes in the beneficiary countries in line with EU priorities for the RRF, a [powerful tool](#) to accelerate changes in Ukraine, and are [praised](#) as a way to incentivise commitment to EU membership among the Western Balkan countries.
- **Scoreboard used for presenting progress on implementation:** The data on the implementation of each facility is presented through a publicly available website managed by the Commission ('scoreboard'); the tool was first demanded by the European Parliament in the legislative negotiations on the RRF Regulation.¹³ The [RRF Scoreboard](#), operational since the end of 2021, contains information on progress in implementing the EU funds, and is part of the performance reporting system. It is used as a basis for the recovery and resilience dialogue between the Commission and the European Parliament, and for the Commission's reports on RRF implementation (see, for example, the [2022 Review Report](#)). In line with the respective regulations, the Commission has to set up similar tools to monitor implementation of the UF and the WBF. Both new scoreboards are to be operational as of 1 January 2025.
- **Transparency of the final beneficiaries:** Another tool improving transparency, which is present in the rules of all three Facilities, is an obligation to publish information on the largest final beneficiaries. Specific criteria are used to select the information to be published: under the RRF, Member States are obliged to publish the [largest 100](#) final recipients of the support;¹⁴ Ukraine should publish data on persons and entities receiving an amount cumulatively exceeding the equivalent of €100 000; and the countries covered by the WBF should publish a list of beneficiaries receiving support exceeding €50 000 cumulatively over four years.
- **Dialogue with the European Parliament:** For each facility, a special forum is set up to facilitate exchange of information and discussion on progress on implementation. The meetings include the representatives of the competent committees of the European Parliament and the Commission, and are organised with different frequencies: the [Recovery and Resilience Dialogue](#)¹⁵ at least every two months, the UF Dialogue at least every four months, and the WBF Dialogue at least twice a year.

MAIN REFERENCES

European Commission, [Study supporting the mid-term evaluation of the Recovery and Resilience Facility – Final Report](#), December 2023.

European Court of Auditors, [The Recovery and Resilience Facility's performance monitoring framework](#), Special report 26, 2023.

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European Parliament, [National Recovery and Resilience Plans: Latest state of play](#), Blog, EPRS.

Leclerc, G. and Stanicek, B., [EU-Western Balkans relations: Macroeconomic situation and EU financial support](#), EPRS, European Parliament, April 2024.

Sapala, M., [Performance budgeting: A means to improve EU spending](#), EPRS, European Parliament, 2018.

ENDNOTES

- ¹ It should be noted, however, that the choice of the instrument (a Facility) was partially determined by the lack of available funding under the 2021-2027 MFF, and the decision to include EU borrowing in the mix of resources.
- ² See, for example: Johannes Hahn's [speech](#) at the Annual EU Budget Conference 2024 – Looking ahead: the EU budget of the future, Brussels, 29 April 2024; I. Begg, et al., [Performance framework for the EU budget: Concept and practices](#), Policy Department for Budgetary Affairs, DG IPOL, European Parliament, March 2024.
- ³ The link between achievements and payments has already been used to suspend temporarily amounts for [Lithuania, Portugal and Romania](#). For more, see: V. Lilyanova, [Payment suspension methodology for the RRF](#), EPRS, European Parliament, May 2023; V. Lilyanova, [Partial payments under the Recovery and Resilience Facility: An overview](#), EPRS, European Parliament, September 2024.
- ⁴ See, for example: L. Polverari, [Coordinative Europeanization as a response to crisis: what lessons from the RRF for future EU cohesion policy?](#), Comparative European Politics, 2024; J. Bachtler and C. Mendez, [Navigating stormy waters: crises and cohesion policy beyond 2027](#), EoRPA Report 32/3; J. Zeitlin, D. Bokhorst and E. Eihmanis, [Rethinking the governance and delivery of the cohesion policy funds: Is the Recovery and Resilience Facility a model?](#), Final Report, European Commission, October 2023.
- ⁵ Linking EU financing to structural reforms has been possible under EU cohesion policy since the 2014-2020 programming period as part of the system of ex-ante conditionalities (known as enabling conditions in the 2021-2027 programming period). According to the [ECA report published in 2021](#), the effectiveness of this tool was limited. Only at the beginning of the 2021-2027 programming period did the Commission use the possibility to suspend payments based on the enabling conditions with respect to Poland and Hungary. See also: L. Kuhl, [New instrument in Cohesion Policy](#), eucrim, 2023/4.
- ⁶ This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.
- ⁷ On [15 April 2024](#), the Council approved the steps to be implemented by Ukraine. For a comparison of the payment conditions in the Ukraine Plan with the NRRPs, see: D. Rakic and K. Hanina, [Ukraine Plan conditionality: What is expected and how does it compare with similar programmes?](#), EGOV Unit, DG IPOL, European Parliament, June 2024.
- ⁸ See endnote 6.
- ⁹ For details, see the information on page 4 and in Annex I in: V. Lilyanova, [Governance and oversight of the Recovery and Resilience Facility](#), EPRS, European Parliament, May 2023.
- ¹⁰ In February 2023, the EU [adopted](#) the REPowerEU initiative. Designed to end the EU's dependence on Russian fossil fuels and accelerate the green transition, the initiative enables Member States to finance additional investment and reform measures in energy under their recovery and resilience plans.
- ¹¹ For details, see: Article 18 of the [RRF Regulation](#), Chapter III of the [UF Regulation](#), Chapter III of the [WBF Regulation](#).
- ¹² The new funds needed for the WBF were approved as part of the revision of the 2021-2027 MFF in [February 2024](#). However, in 2023 the Commission invited the Western Balkan countries to prepare their Reform Agendas, and the release of the first tranches of funds is [expected](#) by the end of 2024.
- ¹³ To improve access to information and transparency of data, the European Parliament consequently demanded that a scoreboard be set up to monitor implementation of the RRF (see [amendment 1418](#)), the Ukraine Facility ([amendment 445](#)), and the WBF ([amendment 544](#)).
- ¹⁴ The requirement was introduced to the RRF Regulation only in 2023 when it was amended to include the REPowerEU rules. The European Parliament strongly supported the change. For more, see: V. Lilyanova, [The 100 largest recipients of Recovery and Resilience Facility funds](#), EPRS, European Parliament, June 2024.
- ¹⁵ Sixteen Recovery and Resilience Dialogues have taken place between [May 2021 and September 2024](#).

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Annex – Comparison of RRF, UF and WBF performance frameworks

Area of comparison	Recovery and Resilience Facility (RRF)	Ukraine Facility (UF)	Reform and Growth Facility for the Western Balkans (WBF)
Performance framework			
Strategic and operational documents	A national recovery and resilience plan is required from each Member State. It is the basis for the support and has to be approved by Council Implementing Decision. Further details are specified in financing and loan agreements, and Operational Arrangements signed between the Member State and the Commission.	A 'Ukraine Plan' is the basis for the support. It has to be approved by Council Implementing Decision. Further details are specified in a Framework Agreement signed between Ukraine and the Commission.	A reform agenda is required from each beneficiary country as the basis for the support. It has to be approved by a Commission Implementing Decision. Further details are specified in a Facility Agreement (serving also as a financing agreement for grants), signed between the beneficiary country and the Commission.
Financing not linked to cost (FNLC) and measuring progress	Recital 18 of the RRF Regulation refers to the FNLC form of EU contribution as laid down in Article 125(1) of the Financial Regulation. Progress towards the achievement of reforms and investments, as set out in the NRRPs, is measured with milestones (qualitative achievements) and targets (quantitative achievements), outlined in an annex to the Council Implementing Decision and also included in the Operational Arrangements agreed between the Commission and Member States. Disbursements of grants and loans depend on the satisfactory fulfilment of milestones and targets that are assessed by the Commission.	Recital 62 of the UF Regulation refers to the FNLC form of EU contribution as laid down in Article 125(1) of the Financial Regulation. The FNLC approach is applied only to Pillar I of the Ukraine Facility (€5.27 billion in grants and €33 billion in loans). Progress towards the achievement of reforms and investments is set out in the Ukraine Plan and measured with qualitative or quantitative steps. Disbursements depend on the satisfactory fulfilment of the qualitative and quantitative steps as well as the specific preconditions assessed by the Commission.	The RGF Regulation does not refer to the FNLC form of EU contribution. Progress towards achievement of reforms and investments is set out in Reform Agendas and measured with observable and measurable qualitative or quantitative steps. Disbursements depend on the satisfactory fulfilment of the qualitative or quantitative steps as well as the specific preconditions assessed by the Commission. This method of payment does not apply to technical and administrative assistance.
Measures supported	Reforms and investments	Reforms and investments	Reforms and investments
Preconditions for payments	The RRF Regulation does not include specific preconditions for payments, but the resources are subject to Regulation 2020/2092 on a general regime of conditionality for the protection of the Union budget (the 'rule of law conditionality mechanism'). Before any payments could be made, all Member States had to fulfil key requirements	Specific preconditions to be fulfilled and checked before every instalment (Article 5 of the UF Regulation) relate to respecting democratic mechanisms, a multi-party parliamentary system, the rule of law, and respect for human rights, including the rights of persons belonging to minorities.	Specific preconditions to be fulfilled and checked before every instalment concern: (Article 5 of the RGF Regulation) respect for democratic mechanisms and the rule of law, and respect for all human rights obligations, including the rights of persons belonging to minorities; (Article 12 (3)) micro financial stability, sound public financial

	<p>concerning the design and functioning of their national audit and control system for the RRF financial support. Specific audit and control milestones were included in most NRRPs and serve as preconditions to be fulfilled before any payment request can be submitted (except for pre-financing). The NRRPs of Hungary and Poland included a greater number of rule of law-related milestones ('super-milestones'), without which no payment under the RRF will be allowed.</p>		<p>management, transparency and oversight of the budget obligation for Kosovo* and Serbia 'to engage constructively with measurable progress and tangible results in the normalisation of their relations with a view to fully implementing all their respective obligations' from the agreements reached through the Belgrade-Pristina dialogue.</p>
Suspension of payments and partial payments	<p>Suspension of all or part of an instalment is possible in case of negative assessment of the fulfilment of all or some of the milestones and targets linked to the payment request. Amounts suspended and not used within the extended deadline are forfeit (cannot be used by other Member States).</p>	<p>Suspension of all or part of an instalment is possible in case of negative assessment of the fulfilment of all or some of the qualitative and quantitative steps linked to the quarterly payment request. Decommitments made as a result of non-implementation should be re-entered into the EU budget.</p>	<p>Suspension of all or part of an instalment is possible in case of negative assessment of the fulfilment of all or part of the qualitative and quantitative steps linked to the bi-annual payment request. In case of suspension, if within 12 months a beneficiary fails to rectify the situation, the Commission can decide to redistribute the funding concerned to the other Western Balkan partners.</p>
Indicative schedule of payments	<p>Each country can send to the Commission up to two payment requests per year with separate schedules for grants and loans.** Payments are not possible beyond 2026. An indicative timeline is included in the Council Implementing Decision and the Operational Arrangements (individual for each country).</p>	<p>Ukraine can request payments according to a fixed quarterly schedule (15 requests in total). The schedule is included in the Council Implementing Decision on the approval of the Ukraine Plan. All steps have to be completed no later than 31 December 2027.</p>	<p>Beneficiary countries can request payments according to a fixed bi-annual schedule (individual for each country). Payments are possible until 31 December 2028. The schedule is included in the Commission Implementing Decision on the approval of the Reform Agenda (individual for each country).</p>
Transparency and scoreboard	<p>Member States are obliged to publish the largest 100 final recipients of RRF funds in their country, and to create and update twice per year a portal containing data on them. The RRF Scoreboard provides information on the implementation of the RRF, and is a basis for the Recovery Dialogues and Commission reports. It constitutes the Facility's performance reporting system and should be updated twice a year.</p>	<p>Ukraine should publish, at least once a year, data on persons and entities receiving amounts of funding cumulatively exceeding the equivalent of €100 000. To protect the Union's financial interests, the Commission should set up an Audit Board. The UF Scoreboard is a publicly available tool to display information on the progress made in implementing the Facility. It should be operational by 1 January 2025 and updated twice a year.</p>	<p>At least once a year, the beneficiary countries have to publish an updated list of final recipients receiving WBF funds for the implementation of reforms and investments worth above €50 000 cumulatively over four years. The Scoreboard should be a tool to display progress in implementing the Reform Agendas and information on the volume of the allocation. It should be operational as of 1 January 2025 and updated twice a year.</p>

Common indicators	There are 14 common indicators for monitoring progress towards the RRF's general and specific objectives at EU level, based on the data provided by the Member States. The list of indicators was introduced in the Commission Delegated Regulation .	The Ukraine Plan should include measurable indicators such as key performance indicators, where applicable, for assessing progress towards the achievement of the general and specific objectives of the Facility.	A list of indicators for assessing progress towards the achievement of the general and specific objectives of the WBF should be included in the Commission Implementing Decision.
Other features			
Beneficiaries	EU Member States	Ukraine	Albania, Bosnia and Herzegovina, Kosovo,* Montenegro, North Macedonia, Serbia
Main objective	To support the Member States in the process of recovery from the COVID-19 crisis, to improve economic and social resilience, crisis preparedness, and growth potential.	To support Ukraine's recovery, reconstruction and modernisation with a view of future EU membership.	To support the recipient countries in the enlargement process, alignment with the EU's values, laws, rules, standards, policies and practices, with a view to future EU membership.
Period covered	2021-2026	2024-2027	2024-2027 (completion of measures possible until 31 December 2028)
Financial allocation (initial, current prices)	€723.8 billion (€338 billion in grants, €385.8 billion in loans).***	The total allocation amounts to €50 billion (€17 billion in grants and up to €33 billion in loans).	€6 billion (€2 billion in grants and bank guarantees, and €4 billion in loans).
National co-financing	Not required	Not required	Not required
Budgetary management	Direct management (<i>sui generis</i>): funding is managed by the Commission. However, the beneficiary is not a natural person or entity, but a Member State.	Direct and indirect: funding is managed directly by the Commission and indirectly by partner organisations inside or outside EU.	Direct and indirect: funding is managed directly by the Commission and indirectly by partner organisations inside or outside EU.
Pre-financing	Up to 13 % of initial grant and loan allocation (subject to approval of the plan by the end of 2021). After approval of REPowerEU, the pre-financing of up to 20 % of funds is allocated under the additional chapter.	Up to 7 % of the loan support under Pillar I (subject to preconditions). Exceptional bridge financing in the form of loans.	Up to 7 % of the total allocation per country (subject to preconditions).
Minimum spending targets	37 % of the national allocation (grants and loans) should contribute to green transition. 20 % of the national allocation without REPowerEU (grants and loans) should contribute to digital transformation.	20% of the Ukraine Investment Framework and Ukraine Plan (Pillars I and II) should contribute to climate change mitigation and adaptation, environmental protection, biodiversity, and green transition.	37 % of grants under the Western Balkans Investment Framework should contribute to climate objectives.

		Other targets, for example: up to 20 % of grants under the Ukraine Plan (Pillar I) on measures for sub-national governments; 15 % of guarantees (Pillar II) to support micro, small and medium-sized enterprises.	
Role of the European Commission (examples)	<p>In the process for approving the recovery plans and their modifications: assessment; proposal for a Council Implementing Decision.</p> <p>In the authorisation of payments: assessment of payment requests; decision authorising disbursements after an opinion from the Council's Economic and Financial Committee.</p> <p>In addition, the Commission has discretion in defining the suspension values based on its methodology, and subsequently takes payment suspension decisions.</p> <p>Reporting and evaluation responsibilities.</p>	<p>In the process for approving and modifying the Ukraine Plan: assessment; proposal for a Council Implementing Decision.</p> <p>In the authorisation of payments: assessment of payment requests; on the basis of the Council Implementing Decision, the Commission adopts a decision authorising disbursements.</p> <p>The Commission has discretion in defining the suspension values based on its methodology, and takes payment suspension decisions.</p> <p>Reporting and evaluation responsibilities.</p>	<p>In the process for approving and modifying the Reform Agendas: assessment; adoption of an Implementing Act following a consultation within the 'comitology procedure' with the representatives of the Member States.</p> <p>In the authorisation of payments: assessment of payment requests; decisions authorising disbursement; decisions on partial payment. No other institution involved.</p> <p>Reporting and evaluation responsibilities.</p>
Role of the Council (examples)	<p>Co-legislator for the RRF Regulation.</p> <p>Decides on the approval of the recovery plans and their modification (Council Implementing Act).</p> <p>Takes part in the process for authorising payments (the Economic and Financial Committee gives an opinion that is necessary before the Commission decides on disbursements).</p> <p>Receives information and reports on progress from the Commission.</p> <p>Is part of the interinstitutional meetings assessing the state of play for the NGEU (at least three times per year).</p>	<p>Co-legislator for the UF Regulation.</p> <p>Decides on the approval of the Ukraine Plan and its modifications (Council Implementing Act).</p> <p>Decides on the authorisation of payments (Council Implementing Act).</p> <p>Receives information and reports on progress from the Commission.</p> <p>N.B. Each Member State is represented in the Steering Board (Article 28 of the UF Regulation).</p>	<p>Co-legislator for the RGF Regulation.</p> <p>Receives information and progress reports from the Commission.</p>
Role of the European Parliament (examples)	<p>Co-legislator for Regulation 2021/241 of 12 February 2021 (RRF Regulation).</p> <p>Scrutiny role:</p> <p>Parliament receives information, documents and progress reports (annual, mid-</p>	<p>Co-legislator for Regulation 2024/792 of 29 February 2024 (UF Regulation).</p> <p>As the budgetary authority, Parliament decides within the annual budgetary procedure about the</p>	<p>Co-legislator for Regulation 2024/1449 of 14 May 2024 (WBF Regulation).</p> <p>As the budgetary authority, Parliament decides within the annual budgetary</p>

	<p>term, ex-post) from the European Commission.</p> <p>The Recovery Dialogue that is organised every two months with the Commission representatives and competent Parliament committees serves as a forum for an exchange of views and information.</p> <p>Parliament is part of the interinstitutional meetings assessing the state of play for the NGEU (at least three times per year).</p> <p>Parliament assesses the budgetary implementation of the RRF under the discharge procedure.</p>	<p>mobilisation of the Ukraine Reserve.</p> <p>Scrutiny role:</p> <p>Parliament has an observer status on the Steering Board.</p> <p>Parliament receives information, documents and progress reports from the Commission.</p> <p>The Ukraine Facility Dialogue with competent Parliament committees and the Commission representatives should be organised at least every four months.</p> <p>Parliament assesses the budgetary implementation of the UF under the discharge procedure.</p>	<p>procedure about the WBF allocation.</p> <p>Scrutiny role:</p> <p>Parliament receives information, documents and progress reports (annual, ex-post) from the Commission.</p> <p>The Reform and Growth Facility Dialogue with competent Parliament committees and the Commission representatives should be organised at least twice a year.</p> <p>Parliament assesses the budgetary implementation of the WBF under the discharge procedure.</p>
Gender equality (GE)	<p>GE is a horizontal principle to be respected in the NRRPs. Member States should explain how the measures in their recovery plans are contributing to gender equality. GE is part of the reporting on the progress of the implementation of the RRF. Four out of 14 common indicators should be sex-disaggregated.</p>	<p>Promotion of GE and empowerment of women and girls are among the UF's objectives. GE should be respected horizontally; women are among the stakeholders to be consulted in the design and implementation process. The Ukraine Plan should explain the extent to which the measures are expected to contribute to GE, empowerment of women and girls and promotion of their rights.</p>	<p>Promotion of GE, gender mainstreaming and empowerment of women and girls are among the Facility's specific objectives. GE should be respected as part of the general principles when preparing the Reform Agendas and in the implementation of the Facility. Reform Agendas should explain the extent to which the measures are expected to contribute to GE, empowerment of women and girls, and promotion of their rights. The Commission has to report on how the Reform Agendas contribute to GE in the context of the Gender Action Plans.</p>
Partnership principle	<p>Member States should provide a summary of the consultation process for the NRRPs with relevant stakeholders.</p>	<p>As a general principle, the Ukraine Plan should be prepared with due involvement of the Verkhovna Rada (the Ukrainian Parliament), local and regional authorities, social partners and civil society. Specific requirements concern, for example, informing and consulting the Verkhovna Rada at all stages of the implementation of the Ukraine Plan (criterion for the assessment of the Plan).</p>	<p>The inclusive partnerships principle should be respected in the process of design, implementation and evaluation of the Facility. The Reform Agendas should be prepared and in consultation with social partners, civil society organisations, and local and regional authorities (criterion for the assessment of the Agendas). Consultation on and coordination of the implementation at local level is particularly promoted.</p>

		The minimum spending target for the recovery, reconstruction and modernisation needs of Ukraine's subnational authorities is 20 % of the non-repayable allocation under the Ukraine Plan (see also above).	The Facility's objectives include support for the functioning of local and regional level administrations and institutions, and support for business and industry at local level.
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* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

** In practice, however, Member States can submit two payment requests at a time (for example, [Poland](#), [Portugal](#)).

*** The amount actually requested by Member States and approved is €648 billion (€357 billion in grants and €291 billion in loans).

Source: Compiled by the author on the basis of Regulation [2021/241](#) of 12 February 2021 (RRF Regulation), Regulation [2024/792](#) of 29 February 2024 (UF Regulation), and Regulation [2024/1449](#) of 14 May 2024 (WBF Regulation).