

WHAT GOVERNANCE MODEL AND OVERSIGHT REGIME FOR THE EU BUDGET AFTER THE RRF?

Performance Assessment and Accountability in
the Commission's Proposed NRRP Regulation



- The NRPP proposal represents the most far-reaching change to EU budgetary governance since the introduction of the structural funds in the 1980s
- **The proposed Regulation seeks to combine core features of the Cohesion Policy Funds (CPF) with key innovations of the RRF:**
 - ▶ involvement of regional and local authorities (CPF)
 - ▶ shared management between Commission and Member States (CPF)
 - ▶ integrated national reform and investment plans (RRF)
 - ▶ performance-based disbursement linked to fulfilment of milestones and targets (RRF)

- The governance model and oversight regime of the proposed NRRP Regulation is **a *potentially credible hybrid*** between the RRF and the CPF, with some novel elements
- But **some modifications to the proposal are needed** to:
 - Ensure fairness and comparability in Commission assessments of national Plans
 - Secure meaningful stakeholder participation throughout the policy cycle
 - Develop effective monitoring systems that support learning and adaptability without imposing excessive administrative burdens

- **The Commission's proposals address many previous criticisms of both the RRF and the CPF**, by the European Court of Auditors and others, for example through:
 - Explicit assessment criteria for milestone and target fulfilment
 - Ex-ante payout values for each milestone and target
 - Clarified procedures for recovering unjustified payments
 - National and regional stakeholder-based Monitoring Committees to review Plan implementation and approve amendments to operations

BUT MAJOR UNRESOLVED PROBLEMS REMAIN

- The absence of a definition of what constitutes addressing 'all or a significant subset' of recommendations to Member States under the European Semester and other EU policy frameworks
- The questionable effectiveness of the proposed 'regional test' in ensuring genuine stakeholder participation in the drafting, implementation, monitoring, and revision of the NRPPs
- Ensuring that Monitoring Committees have sufficient capacity to oversee national and regional Plans effectively
- Ensuring that performance indicators are genuinely useful in monitoring NRPPs in real time, without imposing excessive administrative burdens

- **The NRPPs are more flexible than the RRF and the CPF, featuring:**
 - Smoother disbursement systems
 - Easier Plan revisions based on ‘reasoned requests’ without requiring demonstration of changes in ‘objective circumstances’
 - A mandatory Mid-Term Review leading to submission of revised Plans
 - A new EU Facility to support rapid responses to crises and emerging priorities
 - A proposed Inter-Institutional Steering Mechanism to provide scope for periodic readjustment of policy priorities at both EU and Member State levels

- **Verifiability and auditability of the NRPPs are strengthened compared to the RRF** through clarified assessment procedures for milestones and targets and transparent ex-ante payout values
- But the multi-tiered **Single Audit approach creates new challenges that will require** national audit authorities, the Commission, and the European Parliament to develop **new expertise in assessing detailed performance information** alongside traditional cost-based audits

- **An unsatisfactory solution for monitoring & assessing implementation of NRRPs**
 - 500+ mandatory common indicators
 - Mostly output-focused
 - Weak on evidence of intervention effects
- **‘Diagnostic monitoring’ as an alternative**
 - Aimed at detecting and correcting problems in real time
 - Based on a robust set of programme- and project-specific indicators
 - Focused on intervention logics and expected outcomes
- **To reduce administrative burden**
 - Fewer mandatory common indicators
 - Focused on issues where there is a well-established methodology for measuring results (e.g. avoidance of GHG emissions)

- **The NRPPs enhance inclusiveness compared to the RRF** through the structural embedding of the partnership principle and the involvement of regional and local actors in Plan design, implementation, monitoring, and revision
- Yet **inclusiveness could be enhanced**, for example by requiring Member States to publish outline proposals for stakeholder involvement in their Plans at each stage of the process

- **Enabling factors for EP accountability**
 - EC oversight of national audit authorities
 - ECA investigations
 - Extensive mandatory national and EU-level information on Plans and their implementation
 - Oversight work of the Monitoring Committees with independent stakeholder expertise
- **Transparency could be further enhanced** by publication of:
 - Summaries of Monitoring Committees' discussions & decisions
 - Reports of annual Commission-Member State review meetings

THANK YOU!