REPLIES OF THE EUROPEAN COMMISSION

TO THE EUROPEAN COURT OF AUDITORS' SPECIAL REPORT

on Improving the energy-efficiency of private homes with the RRF

Contents

This document presents the replies of the European Commission to observations of a Special Report of the European ECA of Auditors, in line with Article 265 of the Financial Regulation and to be published together with the Special Report.

I. THE COMMISSION'S REPLIES IN BRIEF

The European Commission takes note of the European Court of Auditors' (ECA) Special Report on 'Improving the energy efficiency of private homes with the RRF'. The Commission welcomes the Report's conclusion that the Recovery and Resilience Facility has provided broad support for improving the energy efficiency of residential buildings. The Commission notes that many of the ECA's findings relate to the design of the RRF legal framework, such as the explicit legislative choice to use a performance-based model without reporting on actual costs.

The RRF supports more than 2800 Member State specific reforms and investments. Overall, there are 419 (sub)measures dedicated across the RRPs to energy efficiency improvements, consisting of 359 investments and 60 reforms. They have an estimated cost of almost EUR 80 billion, of which EUR 44 billion are allocated specifically to energy efficiency measures in residential buildings. The ECA focused on a sample of these measures in four Member States. Through targeted investments in energy efficiency renovations, the RRF is helping households, including energy poor or vulnerable ones, to significantly reduce their energy consumption and, as a result, their energy bills. In this light, the Commission welcomes ECA's conclusion that several of the investments in its sample were met with high demand and are progressing fast, such as building renovations in Belgium and Italy and the installation of photovoltaic (PV) panels in Cyprus.

The Commission agrees with the ECA that the RRF Regulation does not mention 'deep renovations', and that the measures selected by the ECA for this audit did '*not directly target deep renovations*'[1]. The choice of which measures to include in their RRPs lies with the Member States, and a specific focus on deep renovations may not always be feasible. There is no legal requirement for Member States to achieve a minimum percentage of energy savings through renovation measures in their national plans, nor that they should focus specifically on deep renovations. However, Member States have targeted deep renovations in various national calls, alongside medium-depth renovations, even where this was not a formal requirement in the adopted plans (for example Cyprus and France). Furthermore, the Commission underlines that the RRF has significantly improved the climate tracking methodology compared with previous methodologies used under other EU funds. Based on this new tracking methodology, the RRF framework provides a clear incentive for Member States to include energy efficiency measures in their plans through a 37% climate target requirement, and in particular measures reaching at least 30% energy savings.

The special report states that '*both the RRF Regulation and the Commission's guidance lacked clear definitions of what constitutes a reform, leading to inconsistencies across the RRF plans*'[2]. The Commission notes that a key strength of the Recovery and Resilience Facility lies not only in providing support for investments, but also in requiring Member States to implement reforms. While the type of reforms necessary can vary significantly across Member States, as the ECA has previously recognised[3], the Commission provided guidance[4] on the RRPs to the Member States already in 2021, which describes the characteristics of a reform. In addition, as also noted previously by the ECA, the effects of reforms may take time to be felt on the ground[5]. The Commission notes that while there is no binding definition of what constitutes a reform, the special report also provides several

[1] Subtitle, and Paragraphs 6 and 17-26

[2] Paragraphs 8, 28

[3] Special Report 10/2025, paragraph 25

[4] Guidance to Member States on the Recovery and Resilience Plans, 22 January 2021, SWD(2021)12; pages 33-36

[5] ECA Review 02/2025

examples that, in the Commission's view, confirm that the RRF has accelerated changes through national reforms in important areas of energy efficiency.

Furthermore, the special report states[6] that it '*expected measures to deliver on result-oriented targets, within the set deadlines, due to the performance-based nature of the RRF'*. The Commission recalls, as the special report also recognises[7], that Member States were not required to set result-oriented targets. Instead, the RRF Regulation explicitly requires RRF milestones and targets to measure '*progress towards the achievement of a reform or an investment'*[8], which means the implementation steps rather than the specific results that may take more time to materialise. On this basis, the Commission guidance to Member States specified that milestones and targets should '*remain within the control of the Member State and [...] not conditional on external factors such as the macroeconomic outlook*'[6]. While the Commission encouraged Member States to put result indicators forward where possible, they were neither required by the legal basis nor by the Commission guidance.

The ECA notes[9] that it '*assessed the extent to which member states and the Commission kept track of cost-effectiveness during the implementation of the measures'*. On the issue of cost-effectiveness, the Commission would like to state clearly that the principle of efficiency, as referred to in Article 33 of the Financial Regulation, does not require all basic acts establishing spending programmes to make the collection of information on actual costs mandatory. Nor did the RRF Regulation contain such an obligation. The Commission considers that, in line with the legal objective of the RRF Regulation *to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans (RRPs)*[10], the efficiency of the RRF must be assessed by comparing the payments to the Member States against the achievement of the relevant milestones and targets, and the underlying reforms and investments, as set out and approved by the Council[11].

The Commission takes note of the ECA's observation that '*complex renovation investment measures faced implementation delays'*[12]. At the same time, it recalls that the legal deadline for the completion of milestones and targets is 31 August 2026 and that the timelines in Council Implementing Decisions do not in themselves prejudge whether a milestone or target can still be satisfactorily fulfilled within the RRF timeframe[13]. The implementation of the RRF is still to be completed. In addition, the implementation of the RRF has progressed in a challenging environment marked by multiple crises, such as Russia´s unprovoked war of aggression against Ukraine. The resulting energy crisis, high inflation, supply chain bottlenecks, and climate-related disasters have tested the resilience of our citizens and societies.

The ECA states that it *"found significant issues with the reliability and comparability of the information on actual energy savings reported by member states"*[14], in particular with the use of Energy Performance Certificates (EPCs). The Commission recalls that the aim of the RRF is to support

[6] Paragraph 32

[7] Paragraph 34

[8] The RRF Regulation, Article 2(4)

[9] Paragraph 62

[10] The RRF Regulation, Article 4(2)

[11] Special Report, 14/2026

[12] Title to Paragraphs 33-40

[13] From the Commission replies to ECA's Special Report, 21/2025

[14] Paragraph 55

national investments and reforms across a vast array of policy fields, and it is not specifically designed to set up comparisons or for long-term monitoring related to very specific policy areas. EPCs are one of several tools through which Member States demonstrate that renovation measures delivered meaningful improvements in the renovated housing stock and are identified in the Delegated Regulation 2021/2106 as one of the means for documenting interventions. EPCs thus help to assess the effect of a specific intervention but, as the ECA points out[15], '*they were not specifically designed to reliably calculate measure actual energy savings achieved by a publicly funded measure*' nor '*to be used for comparing buildings across Member States*'[16]. EPCs are widely recognised asset-rating instruments endorsed by the Parliament and the Council. Their methodology is firmly anchored in the framework established by the Energy Performance of Buildings Directive (EPBD), which lays down explicit requirements regarding quality, reliability and independent control systems. EPCs are therefore an appropriate and robust tool for assessing improvements in the energy performance of buildings resulting from specific RRF-supported interventions. Such improvements generate multiple benefits including energy savings, reduced emissions and improved thermal comfort for citizens, i.e. address energy poverty. In addition, national legislation and support schemes across Member States are already structured around the EPC framework, further reinforcing its reliability and consistency as a verification tool. The Commission considers that an expectation to measure actual energy savings is neither supported by the RRF nor the EPBD legal framework, the latter of which was further reinforced when the Directive was recast in 2024. In addition, the Commission is of the view that the precise amount of energy saved through a renovation is by definition an estimate. No method can take into account all potential factors, such as future changes in occupancy, residents' behaviour or weather and climate conditions.

The ECA also states that '*the Commission does not clearly indicate that the information on savings is based on theoretical calculations which do not sufficiently reflect actual savings'*[17]*.* Nor does the Commission '*check the figures more in detail, limiting the possibility of carrying out adequate performance monitoring'*[18] and that *'the Commission cannot use this type of information [...] to address issues promptly at measure level'*[19]. The Commission recalls that prior ECA reports correctly recognised that it is the role of milestones and targets to measure the progress in implementing individual reforms and investments, while the purpose of the common indicators is to report progress and facilitate monitoring and evaluation of the RRF overall[20]. The RRF Regulation states that the data on the common indicators is not meant to provide a performance management tool for individual measures. The Commission further recalls that, under the RRF Regulation, it is the Member States' responsibility to report data on the common indicators to the Commission. While the Commission is not empowered to unilaterally alter national data, it performs checks and requests corrections whenever inconsistencies are identified. To help national authorities with the reporting, the Commission has provided guidance and requested clarifications and corrections of the data where needed following the basic plausibility checks performed. The Commission is therefore already going beyond the requirements of the Regulation. The possibility that common indicators' data includes estimates and the reference to the delegated act, which in turn mentions the use of EPCs as an example, are referenced on the relevant page of the Recovery and Resilience Scoreboard.[21] The

[15] Paragraph 44

[16] Paragraph 46

[17] Paragraph 13

[18] Paragraph 13.

[19] Paragraph 57.

[20] Special Report 13/2025, paragraph 22.

[21] https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/common_indicators.html

Commission acknowledges that further information could be added to the Scoreboard to enhance transparency.

The Commission recalls that the cost-effectiveness of support for energy renovation measures depends on the specific analytical question and various factors, including the initial condition of the housing stock, the limited capacity of households to finance renovations independently, and the specific market conditions. On the 'Superbonus' investment, the special report states that '*the Italian Superbonus measure, [..] which covered up to 110 % of costs incurred by recipients, was not in line with the principles of sound financial management'* [22]. The Commission would like to clarify that the Italian RRP included only an estimated cost of EUR 13.95 bn[23] out of an overall EUR 132 bn in actual costs implemented and funded by the Italian state. Therefore, for the part covered by the RRF, the overall estimated costs assessed by the Commission were around 10.6% of the total costs incurred by Italy for this national measure. The Union budget thus did not cover 110% of the costs incurred by either Italy or the final recipients. The Commission further notes that the inclusion of this measure in the Italian RRP was decided in the specific context of the COVID-19 pandemic. In setting-up future funding instruments and related support decisions, the Commission will draw lessons from the policy design of this type of tax credit measures.

II. REPLIES TO THE RECOMMENDATIONS

Recommendation 1- Improve the targeting of renovation measures

When assessing the measures for the renovation of residential buildings proposed for financing under the next MFF, the Commission should check the extent to which the member states:

a) include deep renovations;

b) set a clear target for each appropriate individual measure in terms of the energy savings to be achieved, to track performance across measures and member states and facilitate aggregation. The target should be well substantiated and be coherent with the design of the measure, the funding provided and the initial baseline situation and needs.

(Target implementation date: 2027)

The Commission **partially accepts** recommendation 1a.

The Commission stresses that it cannot prejudge the outcome of the negotiations in the interinstitutional process on the Commission's legislative proposals for the next MFF.

The Commission has included a dedicated tracking and performance monitoring for deep, medium and light renovations in its proposal for the Performance Regulation 2028-2034 for the next

[22] Paragraph 14.

[23] Official national data, ENEA, April 2026, Report dati mensili_30_04_2026.ods

Multiannual Financial Framework (MFF)[24]. Deep renovations implemented by Member States in the context of national and regional partnership plans (NRPPs) are proposed to be identified through specific dedicated intervention fields included in Annex 1 of the Performance Regulation. In general, the Commission considers energy efficiency renovations of any depth, wherever possible, an important step towards competitiveness, affordability, and energy independence, and towards achieving the EU's climate ambition. The proposed performance framework will be subject to the outcomes of the ongoing discussions between co-legislators.

The Commission **partially accepts** recommendation 1b.

The Commission stresses that it cannot prejudge the outcome of the negotiations in the interinstitutional process on the Commission's legislative proposals for the next MFF.

The Commission proposal for the Performance Regulation provides concrete output and result indicators linked to individual intervention fields to measure the effects of EU funding on the ground with relevant indicators matching the activity that is being financed. Among these, linked to energy efficiency renovations, the achieved energy savings forms part of the list of indicators. In this way, if adopted by the co-legislators, a standardised approach for aggregation of data would be achieved. The Commission considers it vital that targets which represent payment conditions reflect indicators that can be demonstrated timely. The Commission proposal for the Performance Regulation includes a variety of related indicators that could be chosen to set targets associated with energy efficiency measures to allow for the most appropriate indicator to be used while still allowing for a large degree of aggregation.

Recommendation 2 – Transparently report on savings and evaluate the RRF measures to improve the energy efficiency of residential buildings

In order to better assess the results of the RRF energy efficiency measures for residential buildings, the Commission should:

- ***a) disclose further information on the methodology used for common indicator 1, and explain how it affects the reliability of savings reported by member states;***

(Target implementation date: end 2026)

- ***b) evaluate the results and cost-effectiveness of the measures for the energy efficiency of residential buildings to draw lessons for future programmes, in particular regarding the appropriate level of public support for renovation measures.***

(Target implementation date: end 2028, in the Commission's ex-post evaluation of the RRF)

The Commission **accepts** recommendation 2a.

[24] Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities, COM(2025) 545 final, 16 July 2025.

While the Commission stresses that the data on common indicators is reported by the Member States and remains under their responsibility, the Commission agrees to disclose further information on the methodology for reporting data on common indicator 1 on the Recovery and Resilience Scoreboard.

The Commission **partially accepts** recommendation 2b.

The Commission accepts to evaluate, to the extent possible, results in the area of energy efficiency of residential buildings in the context of the ex-post evaluation of the RRF. It will draw lessons for future programmes where relevant.

In relation to the suggested evaluation of cost-effectiveness, the Commission recalls its reply to recommendation 2a of Special report 14/2026*: 'In line with the specific objective of the Facility, the RRF provides Member States with financial support to achieve a comprehensive plan of reforms and public investments. Reforms generally have no direct implementation costs but nonetheless must be completed to receive RRF payments. In line with this design, any assessment of the RRF's efficiency must necessarily be based on EU- level payments and their impact on reaching the RRF's specific objective to support implementation of the national plans. The Commission also recalls that the RRF Regulation does not require any specific cost-based reporting by the Member States and explicitly precludes Commission controls on actual costs.'* The Commission's ex-post evaluation of the RRF will analyse the efficiency of the instrument based on its legal base.

Recommendation 3 – improve performance tracking of energy savings

For the next MFF, in order to improve the performance tracking of energy savings, the Commission should:

a) improve the methodology for reliably reporting on the energy saved by renovation measures, including by taking into account the difference between the estimated and actual energy savings;

b) collect reliable information for each relevant measure on the results achieved and amounts paid (EU, member state and private financing).

(Target implementation date: December 2027)

The Commission **partially accepts** recommendation 3a.

The recent review of the Energy Performance of Buildings Directive includes important measures to improve the reliability of both EPCs and the assessment of energy performance. The Commission will work together with Member States to support the transposition and implementation of these measures, including on improvements to better reflect the influence of users. The Commission notes, however, that the Commission and Member States are bound to the legal framework, which provides both common elements and a large degree of flexibility.

The Commission **partially accepts** recommendation 3b.

The proposal for the Performance Regulation for the 2028-2034 MFF ensures that measures tracked through the intervention fields in Annex 1 of the proposed regulation are clearly identified in terms of the activity financed. Through output and result indicators linked to these intervention fields, it is ensured that relevant indicators are reported on and track the achievement of the individual measure and the EU budget, including its results. Information on amounts paid will depend on the concrete system of individual programmes, with a payment not linked to cost system applying a different approach regarding amounts paid, which is not directly linked to individual measures and will not be reported on in this regard.

The Commission underlines that it cannot prejudge the outcome of the negotiations in the interinstitutional process on the Commission's legislative proposals for the next MFF.

III. REPLIES TO OBSERVATIONS

1. Targeting of deep renovations (paragraphs 17-26)

ECA concludes that '*RRF renovation measures do not directly target deep renovations'*[25] and notes that the RRF Regulation does not refer to "deep renovations" as a specific concept[26]. The Commission notes that, in line with the RRF Regulation, there is no specific expectation that energy efficiency renovations included in the RRPs must be such 'deep renovations'. While it is true that there are only limited instances where deep renovations are explicitly mentioned in final targets of adopted plans, this does not mean that deep renovations were not supported by RRF measures. Member States have targeted deep renovations in various national calls, alongside medium-depth renovations, even where this was not a formal requirement in the adopted plans (for example Cyprus and France). The choice whether to include deep renovation measures in the RRP is at the discretion of the Member States, and there is no legal requirement for Member States to do so. The RRF Regulation includes a climate tracking methodology, which assigns measures to an 'Intervention Field'. This includes a possibility for light renovations, under intervention field 025[27], and for medium or deeper renovations, under intervention field 025bis[28]. Thus, both light and medium or deeper renovations are specifically catered for.

The RRF Regulation provides incentives for including medium (or deeper) renovation measures, by requiring Member States to reach a 37% climate expenditure requirement and by considering that only renovations that achieve, on average, at least 30% primary energy savings are counted at 100% towards this target (under intervention field 025bis). All other renovations are only counted as 40% under intervention field 025. This constitutes a major improvement compared to the previous methodology used under cohesion funds. Furthermore, the 30% primary energy savings is only a minimum requirement and therefore does not prevent Member States from setting more ambitious objectives, including deep renovations. As noted by the ECA, *the RRF mostly financed medium-depth renovations*[29].

The ECA also states that "Financing *renovations that do not substantially increase the building's energy performance* risks creating *a lock-in effect*"[30] and that "*Prioritising medium or light renovations diverted member states' focus away from securing long-term energy savings through deep*

[25] Subtitle to Paragraphs 17-26

[26] Paragraph 6

[27] RRF Regulation, Annex VI: Methodology for Climate Tracking: Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures

[28] RRF Regulation, Annex VI: Methodology for Climate Tracking: Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures compliant with energy efficiency criteria: If the objective of the measure is to achieve, on average, at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786. The renovation of buildings is also meant to include infrastructure in the sense of intervention fields 85 to 92.

[29] Paragraph 5

[30] Paragraph 24

renovations; it also risks creating lock-in effects in the future"[31]. The Commission notes that light and medium depth renovations can constitute a meaningful step on their own and, as recognised by the ECA,[32] especially if planned in a coherent way as part of a phased renovation pathway. Due to their characteristics, deep renovations are not always a feasible solution for the RRF measures, especially under the limited timeframe of the RRF.

2. Definition and impact of reforms (paragraphs 27-31)

With regard to the ECA's finding that *'Reforms were not clearly defined and their effect on investments and energy savings has not been demonstrated*'[33], the Commission agrees that the Regulation itself does not provide a precise definition of what constitutes a reform or an investment. At the same time, in 2021, to support Member States in the preparation of their plans, the Commission provided Guidance to Member States[34] on the key characteristics of reforms and investments. While reforms and investments are mostly distinct measures, in some cases an individual reform contains investment elements, or an investment contains elements of a reform.

The Commission would like to stress that the RRF is a major driver of reform efforts in energy efficiency, ensuring that the benefits of the RRF extend well beyond 2026. This is in spite of the fact that the direct impact of reforms is inherently difficult to measure. Reforms across the RRPs relating to energy efficiency in buildings have accelerated changes in three main areas[35]: the introduction of long-term renovation strategies and of binding requirements for energy efficiency; regulatory and administrative frameworks such as reforms to simplify procedures for energy efficiency renovations; the creation of one-stop-shops to provide assistance and training to support citizens to pursue energy efficiency renovations. Reforms address a wide scope of areas, such as lowering mandatory thresholds for decision-making in multi-family apartment buildings, establishing digital or physical one-stop-shops for energy efficiency renovations, and introducing innovative ways of financing energy efficiency renovations that improve the leverage of private investments. By combining reforms with investments, the RRF enables millions of dwellings and square meters of residential buildings to undergo energy efficiency interventions.

3. Result- and output-based targets (paragraphs 32-35)

The Commission notes the ECA's finding that *'the quantitative targets for the audited measures included in the NRPPs mostly focused on output (e.g. number of renovations or renovated area), rather than results'*[36]. The ECA considers that '*this limits the possibility for the Commission to assess the results of the measures and evaluate the performance of the RRF in the field of energy efficiency*[37]. The Commission recalls that in line with the RRF's design as a performance-based instrument, the RRF Regulation explicitly envisages that the performance of Member States in implementing their RRPs is to be measured based on their *progress* to implement the reforms and investments, as measured through concrete and practical milestones and targets.[38] Furthermore, given that the ultimate impact and results of measures may depend on factors other than the Member States'

---

[31] Paragraph 26

[32] Paragraph 6

[33] Sub-title to paragraphs 27-31

[34] The Commission Guidance to Member States on Recovery and Resilience Plan, 21 July 2021, SWD(2021) 12 final

[35] European Commission, factsheet on the Impacts of the Recovery and Resilience Facility: Energy Efficiency, November 2025.

[36] Paragraph 35

[37] Paragraph 35

[38] RRF Regulation, Article 2(4)

actions, they are in most cases not suitable as payment conditions, which should be within the control of the Member States themselves.

The Commission also notes that output indicators associated with RRF measures can be translated into meaningful impact indicators. This can be seen, for example, in the NextGenerationEU green bond reporting[39] and dissemination activities on the RRF's impact on the green transition[40]. In November 2025, the Commission published a factsheet on the impact of the RRF on energy efficiency and estimated that, for the residential sector alone, RRF measures are projected to lead to annual energy savings of 18.2 terawatt hours, equivalent to a yearly primary energy consumption of more than 1.2 million households. Savings for households, which will be dependent on the energy mix of the Member States, are modelled to be up to EUR 3.8 billion per year and up to EUR 881 for each household on average.[41] A recent Commission publication quantifying the contribution of the RRF to reducing greenhouse gas emissions in the EU furthermore notes that investments focusing on energy efficiency, which includes support provided for the renovation of residential housing, have the potential to generate annual emission savings of more than 19 million tonnes of CO_2 equivalent.[42]

4. Revision of complex measures and implementation delays (paragraphs 36-40)

The ECA observed that '*despite revisions, some RRF measures risk not being completed within the RRF deadlines, which can affect the results achieved.*'[43] The Commission recalls that each RRP revision, including the revised milestones and targets, put forward by the respective Member State is assessed on the basis of available evidence and in line with Article 19 of the RRF Regulation. As set out in the Commission's guidance, revisions must not reduce overall ambition, particularly regarding country-specific recommendations and green and digital objectives[44]. To mitigate the risk of non-completion, Member States were invited to review their plans comprehensively, revise the estimated costs accordingly and ensure that only measures that can be fully implemented by the 31 August 2026 deadline remain in their RRPs[45].

The ECA notes that some measures supporting 'one-stop-shops' in the Member States were not operational, noting that '*the platforms were not entirely ready to provide tailored advice to citizens*' and or had a '*need for additional features to be deployed*'[46]. The Commission is of the view that the platforms are operational and that, for both physical and digital 'one-stop-shops', additional features and services can always be added throughout time. In relation to the Cypriot measure analysed by the ECA, the Commission notes that the Cypriot platform was operational, including all functionalities expected by the milestone set by the Council Implementing Decision for this measure. For the

[39] https://commission.europa.eu/document/download/402c1eae-6127-4982-bd78-ed8a1a1b427a_en?filename=2025%20NGEU%20Green%20Bonds%20Allocation%20and%20Impact%20Report.pdf

[40] See under the section "Green impact" at this link: https://reforms-investments.ec.europa.eu/recovery-and-resilience-facility-1/rrf-impact_en

[41] European Commission, factsheet on the Impacts of the Recovery and Resilience Facility: Energy Efficiency, November 2025 (Data cut-off: March 2025).

[42] The Contribution of the Recovery and Resilience Facility (RRF) to Reducing Greenhouse Gas Emissions in the EU, June 2026

[43] Paragraph 10.

[44] Commission Guidance on recovery and resilience plans, C/2024/4990, respectively pages 3 and 6

[45] Commission Communication *NextGenerationEU – The road to* 2026, COM(2025) 310 final/2 (2025), available at: ad5f00c9-4101-41a0-9d8f-e78f06c0c7ed_en.

[46] Paragraph 38

Lithuanian measure analysed by the ECA, the Commission also notes that all legal expectations have been met.

5. Cost-effectiveness (paragraphs 62-69)

The special report states that '*neither the Commission, nor the selected Member States tracked the cost-effectiveness of the measures implemented, as this is not required by the RRF Regulation.*'[47] The Commission notes that the Regulation indeed explicitly states that the '*payments should not be subject to controls on the costs actually incurred by the beneficiaries*'[48]. The RRF's specific objective is '*to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans*'[49]. As noted in the Commission replies to Special Report 14/2026[50], the efficiency of the RRF should accordingly be assessed by comparing the payments to the Member States against the achievement of the relevant milestones and targets, and the underlying reforms and investments, as set out and approved by the Council. Furthermore, Member States have the possibility to submit actual cost data to justify RRP revisions. In such situations the Commission duly considers this data to assess the reasonability and plausibility of the overall RRP and requests further clarifications and evidence from the Member States when needed. In particular, the Commission informed Member States, as noted in the Guidance on REPowerEU chapters[51], about the possible use of a major increase of actual incurred costs versus the original estimate as an objective circumstance justifying the revision of an RRF measure.

In this context, the special report also notes some cases where the initial cost estimates were 'overestimated'[52] compared with actual costs now incurred. The Commission observes that differences between initially estimated costs and evolving implementation costs do not, in themselves, demonstrate 'overestimation'. Cost estimates are prepared *ex ante* under uncertainty and are affected by implementation dynamics (e.g. project pipeline maturity, procurement outcomes, unit cost evolution, and revisions justified by objective circumstances). As acknowledged by the report[53], prior audit work has also identified cases where implementation costs were higher than estimated. While neither situation is favourable, such differences are an expected feature of a performance-based system, which provides a clear incentive for Member States to implement measures cost effectively. Where the Commission became aware of major cost savings under a specific measure, it requested that the respective Member State to address this when revising its RRP.

---

[47] Paragraph 63

[48] RRF Regulation, Recital 18

[49] RRF Regulation, Article 4(2)

[50] Commission replies to ECA Special Report 14/2026

[51] Commission Notice Guidance on Recovery and Resilience Plans in the context of REPowerEU 2023/C 80/01, page 11.

[52] Paragraph 68

[53] Paragraph 69