

The role of the Economic and Financial Committee in monitoring national Recovery and Resilience Plans

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Abstract: This paper examines the role of the Economic and Financial Committee (EFC) in the governance of the Recovery and Resilience Facility (RRF), focusing on its involvement in assessing payment requests. While the EFC contributes to macroeconomic coordination, its growing influence raises concerns about transparency, accountability, and the blurring of technical and political functions. The analysis looks at recent audit reports and case law, which suggest the need for a more integrated and transparent oversight framework.

Key words: Economic and Financial Committee; Recovery and Resilience Facility; payment procedures; EU integration

Introduction

The governance of the Recovery and Resilience Facility (RRF) relies on a complex institutional architecture involving several Union bodies and advisory committees. Among these, the Economic and Financial Committee (EFC) occupies a particularly relevant position in the monitoring of national Recovery and Resilience Plans (NRRPs), especially in relation to the assessment of Member States' payment requests.

Although the EFC formally performs an advisory function, its involvement in the RRF disbursement process has significantly expanded its practical influence within the Union's economic governance framework. This development raises several institutional and legal questions concerning transparency, accountability, and the balance between technical assessment and political discretion.

Therefore, this article examines the role of the Economic and Financial Committee in the monitoring of national Recovery and Resilience Plans within the RRF framework. After outlining the Committee's institutional position within EU economic governance (par. 2), the analysis focuses on its involvement in the procedure for assessing payment requests under Regulation (EU) 2021/241 (par. 3). The final section (par. 4) discusses structural and legal concerns arising from the EFC's role, with particular attention to issues of transparency, institutional accountability, and the interaction between macroeconomic coordination and legal oversight.

The role of the Economic and Financial Committee within the EU framework

The Economic and Financial Committee is established under Article 134(2) of the Treaty

on the Functioning of the European Union (TFEU)¹ and performs a primarily advisory function within the Union's economic governance system.

The Committee is composed of senior officials from the finance ministries and central banks of the Member States, as well as representatives from the European Commission and the European Central Bank.

Within this framework, the EFC contributes to the coordination of Member States' economic and fiscal policies. It supports the work of the Council in the field of economic and financial affairs, notably by preparing discussions and providing technical assessments for the Economic and Financial Affairs Council (ECOFIN).

Although the Committee does not exercise legislative or executive powers, its influence within the policy-making process should not be underestimated. The EFC functions as an important forum for policy dialogue among national and Union authorities, often facilitating consensus-building before formal decisions are adopted at the political level. Through its technical analyses and recommendations, the Committee may therefore shape the content and direction of discussions within the Council.

In this respect, the EFC occupies a hybrid position within the institutional architecture of the Union's economic governance: formally advisory, yet practically influential in shaping the policy orientations that guide economic coordination at the EU level.

The EFC and the Recovery and Resilience Facility (RRF): monitoring and payment procedures

The establishment of the Recovery and Resilience Facility by Regulation (EU) 2021/241 has further expanded the operational context in which the Economic and Financial Committee performs its functions.

The RRF constitutes the central instrument of the broader Next Generation EU initiative, designed to support Member States in addressing the economic and social consequences of the Covid-19 pandemic while promoting structural reforms and investments aligned

¹ Art. 134 TFEU: "2. *The Economic and Financial Committee shall have the following tasks:*

- *to deliver opinions at the request of the Council or of the Commission, or on its own initiative for submission to those institutions,*
- *to keep under review the economic and financial situation of the Member States and of the Union and to report regularly thereon to the Council and to the Commission, in particular on financial relations with third countries and international institutions,*
- *without prejudice to Article 240, to contribute to the preparation of the work of the Council referred to in Articles 66, 75, 121(2), (3), (4) and (6), 122, 124, 125, 126, 127(6), 128(2), 129(3) and (4), 138, 140(2) and (3), 143, 144(2) and (3), and in Article 219, and to carry out other advisory and preparatory tasks assigned to it by the Council,*
- *to examine, at least once a year, the situation regarding the movement of capital and the freedom of payments, as they result from the application of the Treaties and of measures adopted by the Council; the examination shall cover all measures relating to capital movements and payments; the Committee shall report to the Commission and to the Council on the outcome of this examination"*.

with the Union's policy priorities.

The legal basis of the instrument lies in Article 122 of the Treaty on the Functioning of the European Union (TFEU)², which allows the Union to adopt exceptional measures in situations of severe economic disturbance. Within this framework, Member States are required to submit National Recovery and Resilience Plans (NRRPs) outlining the reforms and investments to be implemented with RRF support. Financial disbursements are then made in instalments, conditional upon the satisfactory fulfilment of previously agreed milestones and targets.

The procedure governing the disbursement of funds involves several institutional actors and unfolds in a number of stages. When a Member State submits a payment request, the European Commission first conducts a technical assessment in order to verify whether the relevant milestones and targets have been satisfactorily achieved.

According to Article 24(3)³ of Regulation (EU) 2021/241, this preliminary evaluation must be completed within two months.

Following this, the Commission submits a draft assessment to the Economic and Financial Committee, which is called upon to issue an opinion “*on the satisfactory fulfilment of the relevant milestones and targets*”⁴. The EFC has up to four weeks to issue this opinion.

Although the opinion is not formally binding, it may nonetheless have important practical consequences. The Committee may raise concerns in the EU Council or request further clarification, potentially delaying - or in some cases obstructing - the disbursement process⁵.

² Article 122, TFEU: “1. *Without prejudice to any other procedures provided for in the Treaties, the Council, on a proposal from the Commission, may decide, in a spirit of solidarity between Member States, upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products, notably in the area of energy.*

2. *Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control, the Council, on a proposal from the Commission, may grant, under certain conditions, Union financial assistance to the Member State concerned. The President of the Council shall inform the European Parliament of the decision taken.*”

³ Article 24, Regulation (EU) 2021/241: “3. *The Commission shall assess on a preliminary basis without undue delay, and at the latest within two months of receiving the request, whether the relevant milestones and targets set out in the Council implementing decision referred to in Article 20(1) have been satisfactorily fulfilled. The satisfactory fulfilment of milestones and targets shall presuppose that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed by the Member State concerned. For the purpose of the assessment, the operational arrangements referred to in Article 20(6) shall also be taken into account. The Commission may be assisted by experts.*”

⁴ Art. 24, Regulation (EU) 2021/241: “4. *Where the Commission makes a positive preliminary assessment of the satisfactory fulfilment of the relevant milestones and targets, it shall provide its findings to the Economic and Financial Committee and ask for its opinion on the satisfactory fulfilment of the relevant milestones and targets. The Commission shall take the opinion of the Economic and Financial Committee into account for its assessment.*”

⁵ If one or more member states consider that there have been serious deviations from the satisfactory fulfilment of the relevant milestones and targets, they may request the President of the European Council to refer the matter to the next European Council. In this case, no decision should be taken authorising

Once the Committee has delivered its opinion, the Commission proceeds with the adoption of the payment decision. This step takes place within the framework of the comitology examination procedure, involving a committee composed of representatives of the Member States. The Commission subsequently adopts an implementing decision authorising the payment and the funds are then disbursed⁶.

It should be emphasised that the EFC is not involved in the initial preparation or approval of national Recovery and Resilience Plans, nor in the definition of the milestones and targets contained therein. Its role is limited to the ex-post assessment of whether the agreed conditions for disbursement have been fulfilled.

Nevertheless, the Committee's evaluation is not restricted to a purely formal verification of compliance. In practice, the EFC also considers the broader macroeconomic context in which payment requests are submitted, including the coherence of national measures with the Country-Specific Recommendations (CSRs) issued under the European Semester⁷.

In this sense, the Committee may exercise a form of indirect conditionality control, contributing to the alignment of RRF implementation with the broader objectives of EU economic policy coordination.

Structural concerns and legal challenges in the EFC's role

While the involvement of the Economic and Financial Committee in the RRF governance structure contributes to macroeconomic coordination and policy coherence, it also raises

the disbursement of the financial contribution and – where applicable – the loan, until the next European Council has exhaustively discussed the matter. This process should not take longer than three months after the EC has asked the EFC for its opinion. This is the so called “*emergency brake*”, which has so far never been activated.

⁶ P. Manasse, *La finanza pubblica italiana e il ruolo dell'Unione Europea*, in G. Arachi, M. Baldini e S. Toso (a cura di), *La finanza pubblica italiana. Rapporto 2020*, Bologna, Il Mulino, 2021, p. 254: “*Questo complesso iter di «condizionalità» è comune alle procedure di prestiti condizionati delle Istituzioni internazionali e riflette nel caso europeo il compromesso tra due esigenze: da un lato vi è la necessità, espressa in primo luogo dai paesi del Nord Europa, di garantire un uso mirato delle risorse europee, prevedendo una valutazione di merito ex-ante ed una valutazione in itinere, esercitata congiuntamente da Consiglio europeo, Comitato economico e Commissione; dall'altro vi è l'esigenza, sentita soprattutto dai paesi del Sud Europa, di prevedere tempi certi per le decisioni, evitando di concedere potere di veto ai singoli Stati membri.*”.

⁷ In this sense, F. Corti, J. N. Ferrer, *Steering and monitoring the Recovery and Resilience Plans. Reading between the lines*, in *Recovery and Resilience reflection papers*, no. 2, April 2021, p. 9 e ss.: “*The first opportunity created by the new RRF relates to the explicit link between the NRRPs and the CSRs. Structural reforms are essential to transform the economies of the member states to become more resilient and better functioning. The CSR alignment should be welcomed as a positive innovation introduced by the RRF. This broad conditionality approach has the advantage of looking at reforms and investments not individually, but as a system*”. Similarly, B. Vanhercke, A. Verdun, *The European Semester as Goldilocks: Macroeconomic Policy Coordination and the Recovery and Resilience Facility*, in *Journal of Common Market Studies*, 60, 2022, p. 210.

several structural and legal concerns⁸.

A first issue relates to the limited transparency of the Committee's deliberations. The EFC operates primarily through closed meetings and informal exchanges among national representatives and Union institutions. Although such arrangements are consistent with the Committee's advisory nature, they become more problematic when the Committee's opinions play a significant role in decisions concerning the disbursement of substantial EU financial resources. In this context, the absence of publicly accessible deliberations and procedural safeguards may weaken the perception of accountability and democratic oversight.

A second concern relates to the interaction between the EFC and other oversight mechanisms operating within the RRF framework. In particular, the relationship between the Committee's assessments and the findings of independent audit bodies remains relatively underdeveloped. At this regard, the European Court of Auditors (ECA), in its *Special Report No. 09/2025*, highlighted discrepancies between the Commission's favourable assessments of Member States' requests and critical findings emerging from ex-post audits.

These findings suggest that the existing monitoring architecture may insufficiently integrate legal and compliance checks into the broader performance-based logic of the RRF. While the Commission and the EFC primarily focus on the formal achievement of milestones and targets, post-disbursement audits may reveal weaknesses in implementation or compliance that were not fully captured during the initial evaluation stage. The limited systematic interaction between the assessment phase and subsequent audit findings may therefore contribute to a gap between formal compliance and effective implementation.

In this context, the EFC's role, although intended to ensure macroeconomic consistency, is marked by significant limitations. Its opaque deliberative process, coupled with the absence of structured engagement with audit and compliance authorities and the lack of systematic legal checks, undermines the transparency, legitimacy, and overall effectiveness of the monitoring framework.

Finally, the EFC's involvement in the disbursement process raises questions concerning the potential blurring of boundaries between technical evaluation and political discretion⁹.

⁸ V. Viță, *Revisiting the Dominant Discourse on Conditionality in the EU: The Case of EU Spending Conditionality*, in *Cambridge Yearbook of European Legal Studies*, 19, 2017, p. 119 recalls how: "There are multiple constitutional discussions that fall beyond the scope of this contribution. They relate in particular to the impact of spending conditionality on distribution of EU competences, principle of conferral and ultra vires action, legal basis, the principle of equality between Member States, democratic principles of accountability, legitimacy and transparency of EU action, judicial review, applicability of the Charter, etc."

⁹ In this sense, F. Corti, J. N. Ferrer, *Steering and monitoring the Recovery and Resilience Plans*, cit., p. 13 e ss.: "A final concern relates to the risk of undue politicisation of the disbursement procedure. The RRF Regulation leaves it

Since the Committee is composed of representatives of Member States and Union institutions, national interests may influence the positions adopted during deliberations. In situations where payment decisions become politically sensitive, this institutional configuration may create tensions between the objective verification of milestones and broader political considerations.

This risk becomes evident in the ongoing *Commission v. Hungary case* (C-225/24), where the Commission contests the Council's decision to unblock part of Hungary's RRF funds despite unresolved rule-of-law deficiencies¹⁰. This case illustrates how political discretion in the disbursement process can undermine legal certainty and the objective, merit-based nature of the mechanism, ultimately weakening trust and leading to the inconsistent application of fiscal rules.

Concluding reflections

The Economic and Financial Committee plays a structurally significant role within the governance framework of the Recovery and Resilience Facility. By contributing to the assessment of Member States' payment requests, the Committee helps ensure that the implementation of national recovery strategies remains embedded within the broader macroeconomic coordination mechanisms of the European Union.

At the same time, the expansion of the EFC's practical influence in the RRF disbursement process reveals several structural limitations. In particular, the limited transparency of the Committee's deliberations, the absence of systematic coordination with audit and legal oversight bodies, and the potential overlap between technical assessment and political considerations may weaken the effectiveness and legitimacy of the current monitoring architecture.

These structural weaknesses have tangible consequences. They may contribute to inconsistencies in the evaluation of Member States' performance, create vulnerabilities in the application of financial conditionality, and ultimately undermine macroeconomic convergence and fiscal equity across the Union.

Strengthening institutional cooperation between macroeconomic coordination bodies,

unclear precisely what happens if another member state raises concerns in the EU Council, and the EFC hence cannot reach a consensus on disbursement to a member state. What is written in the Regulation is that – in the case of concerns raised by the EFC – the issue should be debated in the European Council, and the European Parliament should be informed. This process should, as a rule, take no longer than three months from the date on which the EC asked the EFC for its opinion. However, the Regulation does not specify what happens if, after three months, consensus has not been obtained in the Council.”

¹⁰ On the European dimension of the Rule of Law, there is extensive scholarly work. Regarding the European Union's respect for this principle, see L. Palombella, N. Walker (eds.), *Relocating the Rule of Law*, Oxford, 2009; C. Closa, D. Kochenov (eds.), *Reinforcing Rule of Law Oversight in the European Union*, Cambridge, 2016.

legal oversight mechanisms, and independent audit institutions could help address some of these weaknesses. A more integrated monitoring framework would not necessarily alter the consultative mandate of the Economic and Financial Committee, but it could enhance the transparency, coherence, and legitimacy of the decision-making processes associated with RRF implementation.

In a context where economic governance increasingly intersects with broader questions of democratic accountability and rule of law, the role of advisory bodies such as the EFC deserves closer scholarly and institutional attention. The evolution of the RRF governance framework may therefore represent an important test for the capacity of the Union's economic governance structures to adapt to new forms of financial integration and policy coordination.