



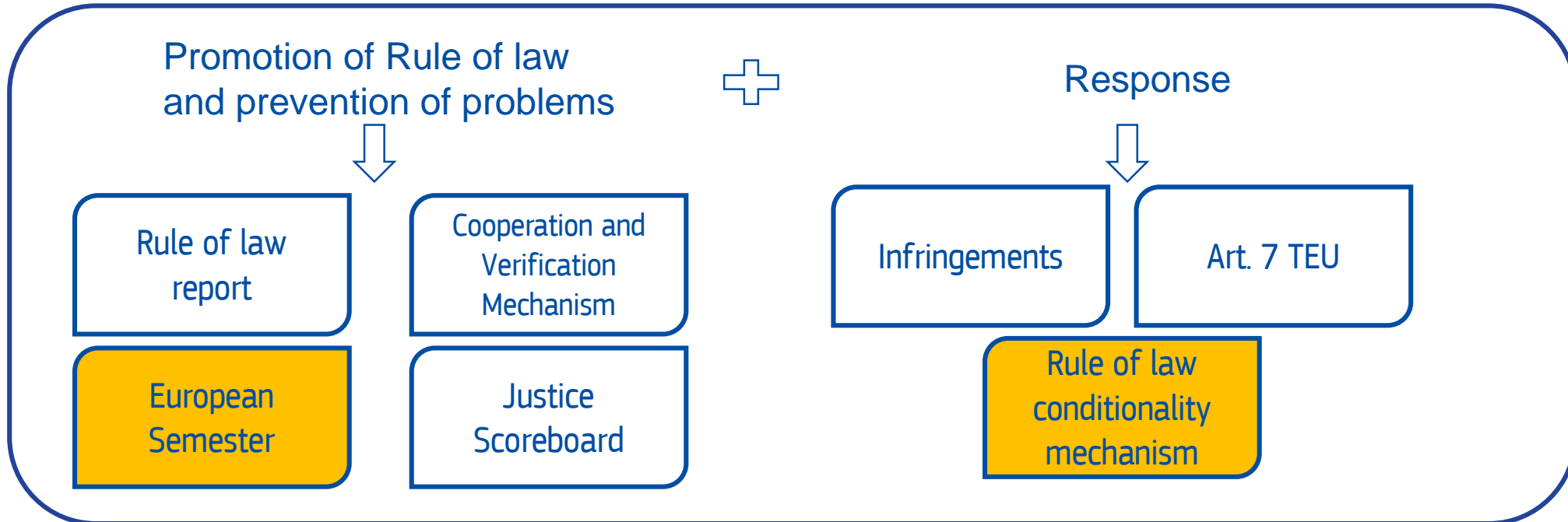
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RECOVERY AND RESILIENCE FACILITY

**Protection of the financial interests of the
Union – Rule of Law**

13 October 2021

Rule of law toolbox



RRF tackles challenges related to rule of law have identified in the **country-specific recommendations**;

RRF is covered by the **general regime of conditionality** for the protection of the Union budget.

RoL in the context of the RRF

1. Where the Council issues **Country-Specific Recommendations (CSRs) related to Rule of Law** matters, the Commission is closely considering whether they are addressed by the measures in the plans.
2. Protection of Union budget: Member States must have in place **effective and efficient internal control systems** to prevent, detect and correct serious irregularities. The Commission assessed the control systems put forward in the plan.
3. Where **deficiencies not addressed in the plans remain**, specific milestones linked to their control systems have to be fulfilled prior to the first payment request.



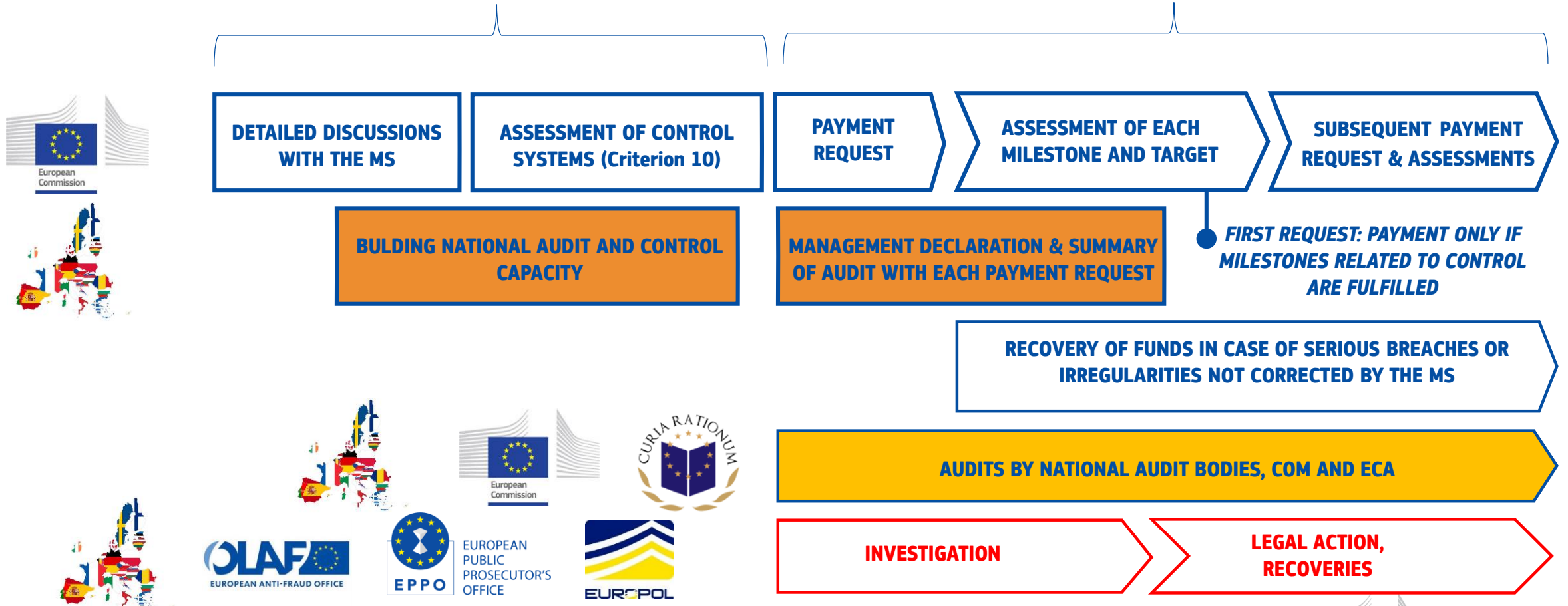
RoL CSRs

- For 2019 and 2020, three types of challenges related to rule of law have been identified in the country-specific challenges:
 - Fight against corruption [BG (CVM), CZ, CY, EL, HU, HR, IT, LV, MT, RO (CVM), SK];
 - Strengthening the justice systems [BG (CVM), CY, EL, HU, HR, IT, MT, SK, PL, PT, RO (CVM)];
 - Improving the policy-making process [PL, HU, HR, RO, SK].

Audit & control framework

PHASE 1: EX-ANTE CONTROL

PHASE 2: A&C DURING IMPLEMENTATION



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First line of defence: national authorities

- Countries must set up adequate control systems against double funding, conflict of interest, corruption and fraud, **before the first payment can be made.**
- Each subsequent request for payment must be accompanied by a (i) **management declaration** (ii) **summary of audits carried out** and (iii) evidence for the achievement of milestones and targets.



The role of the European Commission

- Assessing whether the control systems described in the RRP comply with the RRF requirements: **conditio sine qua non for the first payment**
- Assessing primary evidence on M&T provided and possible checks on **the ground** to check that the milestones and targets were correctly achieved
- Considering the audits preformed by the Member States: (i) **risk-based audit** and control, (ii) system & **substantive audits on M&T** and (iii) protection of the financial interest of the union



Enforcement

- The Commission, OLAF, the Court of Auditors and EPPO can exert their rights laid down Article 129(1) of the Financial Regulation.
- If serious irregularities are identified the Commission can request return of the funds



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