SPECIAL REPORT 21/2025 **EN**

RRF support for an improved business environment

Only partially addresses country-specific recommendations, but some first results contributed to progress in their implementation

EUROPEAN COURT OF AUDITORS

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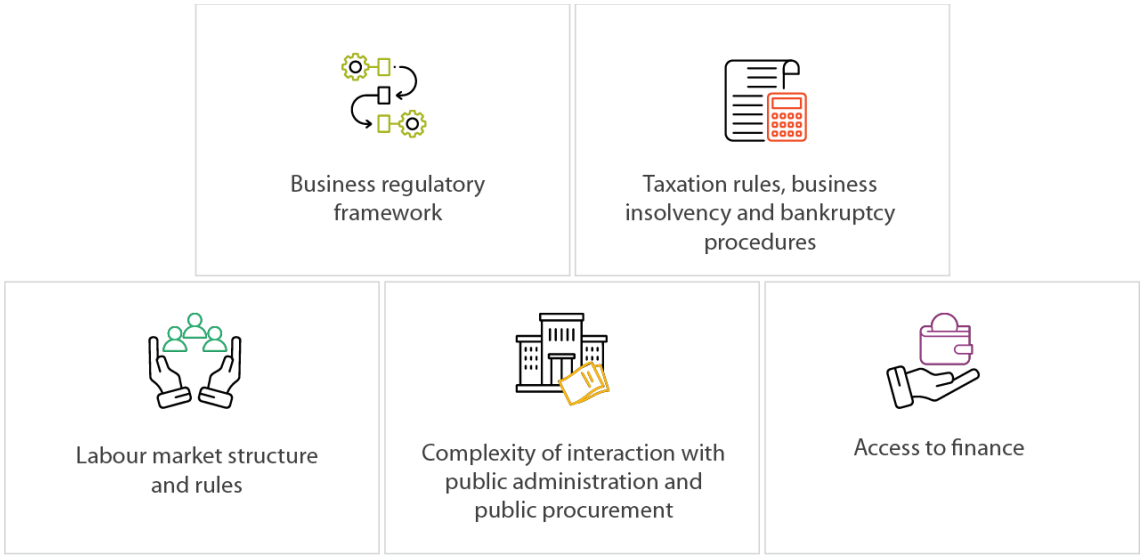
01

Main messages

Why this area is important

01 "Business environment" is a combination of internal and external factors that affect the creation, development and operation of companies. These factors can be economic, technological, sociological, social, cultural and administrative (see the key factors in ***Figure 1***).

Figure 1 | Key factors contributing to the quality of business environment



Source: ECA.

02 In the EU, the lockdowns and social-distancing measures imposed to combat the COVID-19 pandemic profoundly disrupted business and trade. This disruption had a short-term impact, mainly in 2020, and was followed by a rebound in economic activity in 2021.

03 In response to the COVID-19 pandemic, in February 2021 the European Parliament and the Council approved Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility (RRF) amounting to €650 billion. The aim of the RRF is to mitigate the economic fallout from the COVID-19 pandemic and to foster sustainable economic recovery by supporting member states in implementing comprehensive reforms and investments.

04 To receive RRF support, member states had to submit their recovery and resilience plans (RRPs), including a set of measures (either reforms or investments) as well as milestones and targets for these measures. For the approval of these plans, the RRF Regulation requires a clear link with the European Semester[1]. In particular, the reforms and investments set out in the initial RRPs were expected to contribute to effectively addressing all or a significant subset of challenges identified in the relevant country-specific recommendations (CSRs). CSRs are generally broken down into thematic sub-CSRs. For most member states, this included business environment challenges.

05 The objective of our audit was to analyse whether the RRF measures contributed to addressing effectively the main business environment challenges identified during the European Semester and set out in the CSRs.

06 More specifically, we examined:

- whether and to what extent the reforms and investments included in the RRPs of all member states that were assigned to business environment sub-CSRs addressed the challenges identified in the European Semester;
- for a sample of 25 business environment reforms in four member states (Bulgaria, Spain, Cyprus and Austria), whether they were implemented as planned, in terms of timing, scope and achievements, as well as their impact on the Commission's assessment of CSR implementation. The four member states were selected based on the number of business environment CSRs in 2019 and 2020 and the number of RRF-funded business environment reforms.

[1] Articles 18(4)(b) and 19(3)(b) of the RRF Regulation.

07 Our audit work covered the period from February 2020 until April 2025 and was based mainly on a review of relevant documents and interviews with the Commission. It also included interviews with competent national authorities and other relevant stakeholders during audit missions to the member states in our sample. With our report, we aim to contribute to the ongoing discussion on the post-2027 multiannual financial framework (MFF), in particular with regard to any future instruments based on financing not linked to costs. Further background information and more details on our audit approach are provided in ***Annex I***.

What we found and recommend

08 Overall, we conclude that the RRF measures only partially address the challenges identified in the European Semester in relation to the business environment policy area, but some first results contributed to progress in the implementation of CSRs in this area.

09 According to the RRF Regulation, the reforms and investments in the national RRPs must contribute to addressing all or a significant subset of the country-specific recommendations. Although two thirds of the 2019 and 2020 sub-CSRs were addressed by the reforms and investments included in the RRPs, almost half of them were only marginally addressed and none was addressed in full. In addition, some structural issues identified in the sub-CSRs remain unaddressed so far. However, the completed business environment reforms in the four sampled member states generally achieved the expected outputs but only one third of them could demonstrate significant results. The RRF reforms contributed partially to an upgrade of the Commission's assessment of progress in implementing the relevant sub-CSRs.

RRF measures only partly address the business environment challenges

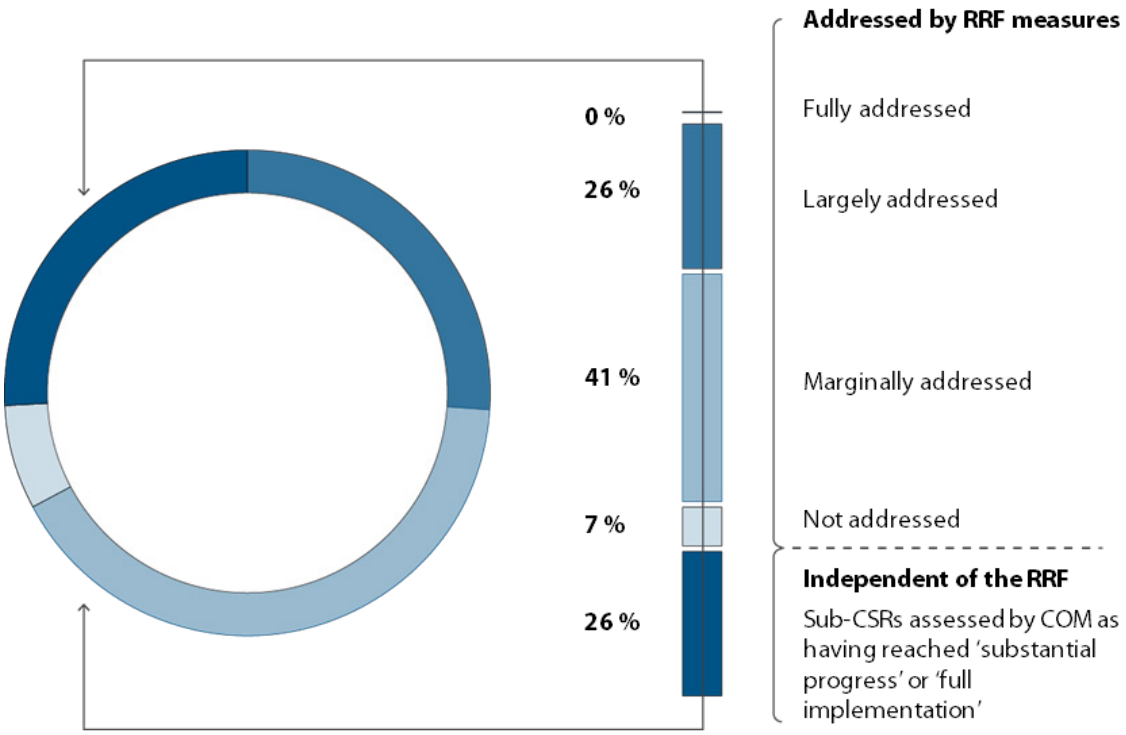
10 We looked at the sub-CSRs in 2019 and 2020 issued to all member states in the policy area of business environment and found that whereas the 2019 sub-CSRs often address recurring structural issues, a majority of the 2020 sub-CSRs focuses on mitigating the impact of the COVID-19 pandemic on businesses (paragraphs ***22*** to ***26***).

11 While both the European Semester and the RRF include a "business environment" policy area, we found inconsistencies in how the Commission defined and applied it. For example, the majority of RRF measures under the business environment policy area was not assigned to the business environment sub-CSRs. This lack of alignment complicates the assessment of whether and to what extent the RRF is addressing the

relevant business environment sub-CSRs by policy area and evaluating the achievements of interventions in the respective policy areas (paragraphs *27* to *29*).

12 Based on our assessment, we concluded that nearly two thirds of the business environment sub-CSRs were addressed by RRF measures. However, almost half of them (41 %) were only marginally addressed and none was addressed in full. We therefore conclude that the RRF only partly addresses the business environment challenges identified in the European Semester. At the same time, about one quarter of the business environment sub-CSRs had already achieved substantial progress or full implementation in 2024 independent of the RRF(see *Figure 2* and paragraphs *30* to *42*).

Figure 2 | Extent to which individual business environment sub-CSRs have been addressed



Source: ECA.

13 Looking at the coverage of different thematic areas shows that for most of them the sub-CSRs are addressed by the RRF as well as outside the RRF (see paragraph *43* and *Figure 6*). There are however differences between thematic areas, for example:

- In three thematic areas, most sub-CSRs reached substantial progress or full implementation through measures outside the RRF ("improving access to finance", "simplify tax systems" and "implement post assistance programmes");

- For the other three thematic areas, the majority of sub-CSRs were at least in part addressed by RRF measures, however most of them only marginally ("promote private investments", "reduce regulatory or administrative burden" and "other general support for growth and competitiveness").

14 When consolidating these results at member state level, we found that the coverage is marginal for most member states: seven member states had largely addressed the 2019 and 2020 sub-CSRs through RRF-funded reforms or investments. In most member states (16 out of 27), however, RRF measures only marginally address the business environment sub-CSRs and none of the member states addressed them in full (see paragraphs ***44*** to ***47***).

Business environment reforms faced delays, but some first results contributed to progress in CSR implementation

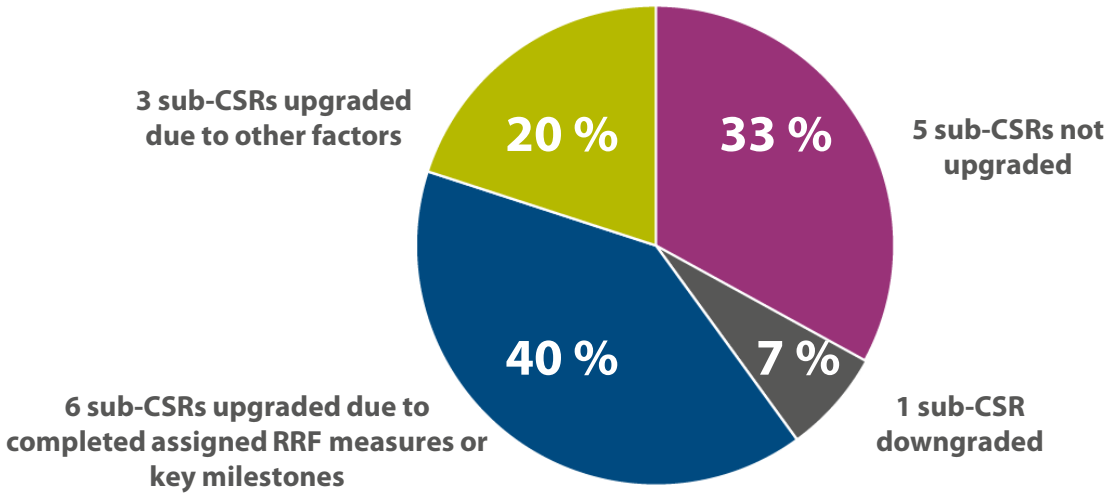
15 Most RRF reforms assigned to the business environment sub-CSRs and planned to be completed by June 2024 in our sample of four member states had not been implemented by the time indicated in the respective Council implementing decisions (CIDs). Thereof about one third (36 %) were completed with a delay of more than six months, and slightly more than one quarter (28 %) had still not been completed by April 2025 when we finished our audit fieldwork. Given that measures need to be completed by the end of August 2026, further delays pose risks for the completion of measures and thereby the achievement of results (paragraphs ***48*** to ***50***).

16 The completed reforms generally achieved their expected outputs by fulfilling the relevant milestones and targets, mostly the adoption and entry into force of a law. Furthermore, we also conclude that they have achieved results, with one third (29 %) showing significant results and another half (47 %) limited results. For the remaining quarter (24 %), the member states were unable to provide evidence that results had been achieved in line with the measure's main objective. In some cases, the lack of demonstrated results was due to the early stage of implementation; in others, member states were not collecting this information. For most of the completed reforms, member states have indicators in place to assess the results of the measures over time, although they are not legally required to do so. We note, however, that even for those reforms that achieved significant results, the potential impact and the long-lasting effects on the business environment depends on several factors and may be reduced by the limited timeframe or scope of measures, their remote link to the policy area or the risk of a reversal of RRF measures (paragraphs ***51*** to ***61***).

17 By the end of 2024, member states had made substantial progress on or fully implemented 29 out of 82 business environment sub-CSRs for 2019 and 2020. However, around two thirds of the sub-CSRs continued to show only some or limited progress (see paragraphs *62* to *64*). Moreover, we note that one third of the member states showed no progress. Only one member state fully implemented all of its 2019-2020 business environment sub-CSRs, but it did so without any RRF support (see paragraph *65*). We also found that this is not an isolated case. In fact, as shown in *Figure 2* above, one quarter of the sub-CSRs achieved substantial progress or full implementation without any RRF support. In our view, implementation progress for CSRs resulting from RRF measures, while better than in the area of labour market, remains slow.

18 Our analysis of the impact of the RRF measures in the four sampled member states shows that they contributed only partially to progress in sub-CSR implementation: the Commission upgraded nine of the 15 sub-CSRs (in Cyprus, Spain and Austria), whereas five remained unchanged and one was downgraded. For six of the upgraded sub-CSRs the Commission stated that the RRF measures have contributed to this progress while the remaining three (including the two in Bulgaria), were upgraded due to factors outside the RRF. Furthermore, we note that four investments in the sampled member states also contributed to the upgrade of the relevant sub-CSRs (see *Figure 3* and paragraphs *66* to *70*).

Figure 3 | Progress in implementing the 15 business environment sub-CSRs in the four member states selected and contributing factors



Source: ECA, based on Commission data.

19 RRF implementation is ongoing, and we note that member states are due to complete a significant number of RRF reforms and investments assigned to business environment sub-CSRs by August 2026 (paragraph *71*).

What we recommend

20 In our special report 10/2025 on RRF labour market reforms, we made four recommendations, three of which also apply to the business environment policy area with the same time frame:

(a) ensure sufficient coverage of key challenges identified in CSRs if designing instruments linked to reforms and/or CSRs;

(b) set out a framework for assessing the results of reforms when preparing legislative proposals for future instruments; and

(c) assess the contribution of RRF measures to CSRs.

21 In addition, as regards the definition and use of policy areas, including the one on "business environment", we make the following recommendation:

Recommendation 1

Use the concept of "policy area" coherently and consistently across EU instruments and the European Semester

To ensure consistent performance information (for example for the European Semester or the Multi-annual Financial Framework), the Commission should have a single set of clearly defined policy areas and a consistent and coherent methodology to link challenges, objectives, measures, funding and performance indicators to one or more policy areas.

Target implementation date: when designing instruments referring to policy areas for the next Multi-annual Financial Framework.

02

A closer look at our observations

RRF measures only partly address the business environment challenges

All member states received business environment sub-CSRs, but these vary in nature and scope

22 In the context of the European Semester and based on the Commission's analysis, the Council adopts country-specific recommendations (CSRs) and asks the member states concerned to take action to address the challenges identified. In line with the RRF Regulation, national RRPs should contribute to addressing all or a significant subset of those challenges identified in the existing CSRs[2].

23 All member states received business environment sub-CSRs in 2019 and 2020, generally reflecting their specific business environment challenges. In total, the Commission associated 82 sub-CSRs with the business environment policy area in these two years (see the link ***(1)*** to the list of the business environment sub-CSRs for each member state in ***Annex II***).

24 For our analysis, we also grouped the 2019 and 2020 business environment sub-CSRs by thematic areas, based on their main focus (see ***Table 1***).

[2] Articles 18(4)(b) and 19(3)(b) of the RRF Regulation.

Table 1 | Business environment sub-CSRs, 2019 and 2020

Thematic areas for CSRs associated to the "business environment" policy area	Number of sub-CSRs		
	2019	2020	Total
Promote private investment	1	27	28
Improve access to finance and liquidity support	2	19	21
Reduce the regulatory or administrative burden	9	6	15
Simplify tax systems	1	2	3
Implement post-assistance programme measures	1	1	2
Other general support for growth and competitiveness	6	7	13
Total number of measures	**20**	**62**	**82**

Source: ECA, based on the main focus of business environment CSRs.

25 The table above also shows that the distribution of sub-CSRs under these thematic areas differed between 2019 and 2020:

- the 2019 sub-CSRs generally refer to recurring structural challenges that member states have been facing for years, for example reducing the administrative burden or regulatory restrictions or generally supporting growth and competitiveness;
- the majority of the 2020 sub-CSRs, on the other hand, respond predominantly to the consequences of the pandemic. This includes the recommendations to incentivise private investment and to provide access to finance and liquidity support for businesses. These crisis-related sub-CSRs explain the sharp increase in business environment sub-CSRs (from 20 in 2019 to 62 in 2020).

26 As regards the business environment challenges identified in the 2022 and 2023 CSRs (see link ***(1)*** in ***Annex II***), our analysis showed that:

- five member states[3] did not receive any additional business environment sub-CSRs in 2022 or 2023;

[3] Bulgaria, Latvia, Lithuania, Malta, Romania.

- the remaining 22 member states[4] received additional sub-CSRs regarding:
  - promoting further investment in specific sectors (10 sub-CSRs in six member states[5]) – measures to address these sub-CSRs were included in the RRPs of all member states concerned;
  - reforming state-owned enterprise governance in Cyprus (two sub-CSRs) – according to the information provided in the RRP, this will mainly be addressed by measures outside the RRF;
  - renewable energy solutions (43 sub-CSRs in 22 member states) – measures to address these sub-CSRs were included in the RRPs of nine[6] member states concerned. As this area is subject to an ongoing ECA audit, we have not assessed the extent to which these measures address the CSRs in detail.

The business environment policy area has not been clearly defined and applied consistently

27 For its internal coordination of the European Semester process, the Commission defined 37 policy areas for CSRs (associating each CSR to one or sometimes two policy areas). However, for the RRF, the Commission has not used these policy areas but has broken down the six pillars defined in the RRF Regulation into 52 policy areas, tagging each reform or investment to a maximum of two policy areas.

28 While both European Semester and RRF include a policy area called "business environment", there is no clear definition of the concept itself. As a result, we found inconsistencies in how the Commission applied it. For example:

- nearly two thirds (63 %) of the RRF measures under the policy area business environment were not assigned by the Commission to the business environment sub-CSRs;
- similarly, the business environment sub-CSRs were mostly addressed by RRF measures tagged to other RRF policy areas (38 policy areas in total).

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[4] Belgium, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Luxembourg, Hungary, Netherlands, Austria, Poland, Portugal, Slovenia, Slovakia, Finland, Sweden.

[5] Germany, Greece, France, Netherlands, Poland, Sweden.

[6] Belgium, Czechia, Greece, Spain, Malta, Austria, Poland, Portugal, Finland.

29 These inconsistencies complicate the assessment of whether the RRF reforms or investments have addressed the relevant sub-CSRs and evaluating the achievements of interventions in the respective policy areas, including for business environment. We made a similar observation for another policy area in a previous report[7].

RRF measures only partly address the business environment challenges identified in the country-specific recommendations

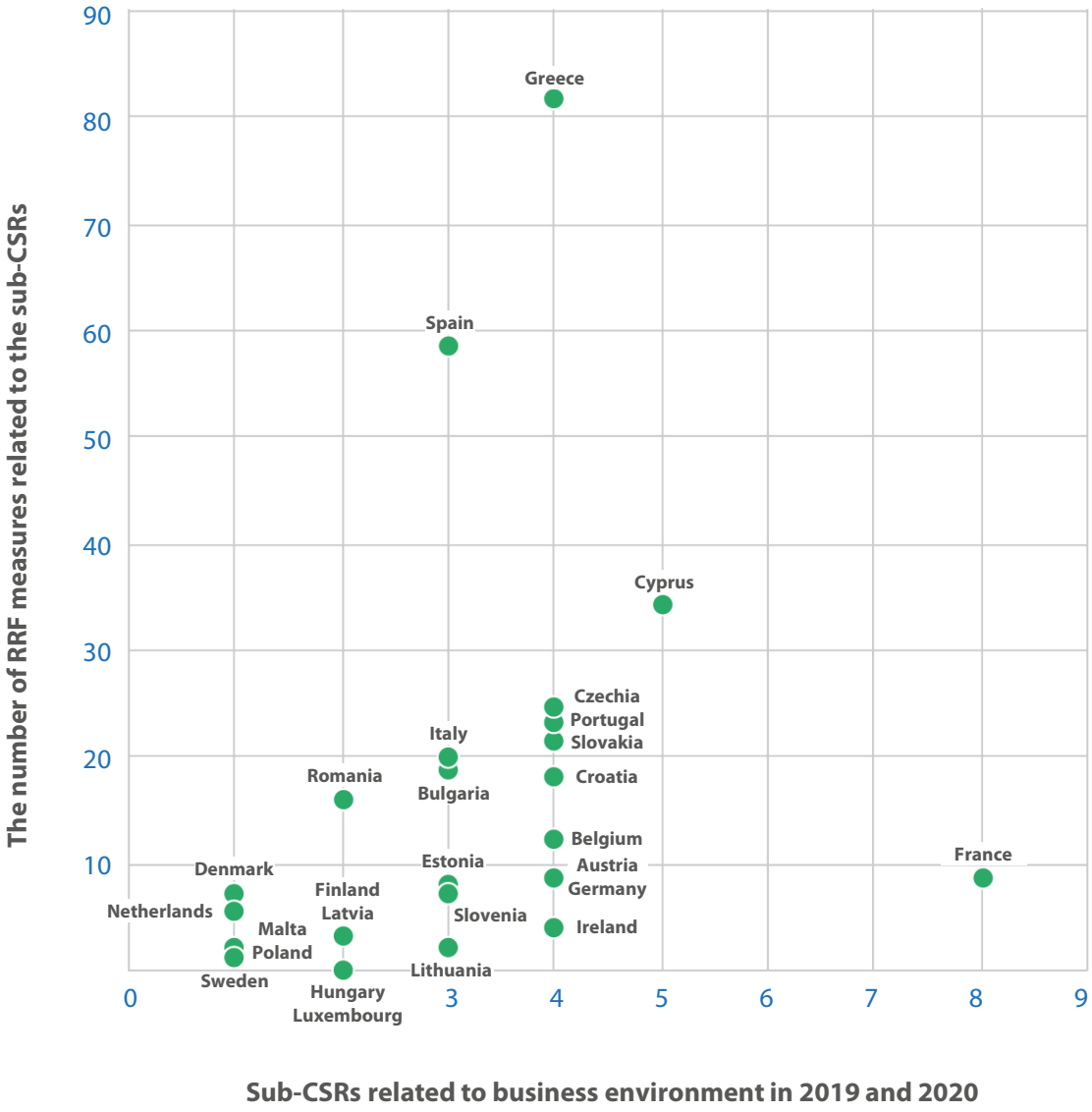
30 In our analysis, we considered RRF measures in all member states (157 reforms and 254 investments) that the Commission assigned to the business environment sub-CSRs. As stated above, the majority of these measures had been tagged to other policy areas for the RRF. We nevertheless took them into account for our assessment, given their relevance for the business environment sub-CSRs (see link ***(2)*** in ***Annex II*** for the list of relevant reforms and investments).

31 ***Figure 4*** presents an overview of the number of 2019 and 2020 business environment sub-CSRs, and the related RRF measures for each member state. The national RRPs differ significantly both in the overall number of RRF measures included and in the proportion of reforms and investments. Possible reasons for these differences are the nature and scope of the CSRs and the measures included in their RRPs but also the total amount of RRF funding received. We note that the three member states[8] that included more than 30 measures in their RRPs largely addressed their sub-CSRs (see ***Figure 7***).

[7] Special report 10/2025, paragraph 32.

[8] Greece, Spain, Cyprus.

Figure 4 | RRF measures and sub-CSRs related to business environment policies



Source: ECA.

32 For each of the 82 business environment sub-CSRs in the relevant member states, we assessed to what extent the 157 RRF reforms and 254 investments assigned to those sub-CSRs addressed the challenges that were identified.

33 We based our assessment on the requirements set out in the RRF Regulation, which states that:

- the RRPs should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester[9];
- each RRP should provide a detailed explanation of how it contributes to effectively addressing all or a significant subset of challenges identified in the relevant CSRs[10], "so that the related challenges are expected to be resolved or otherwise addressed in a manner that significantly contributes to their resolution"[11];
- the Commission should assess the relevance, effectiveness, efficiency and coherence of the RRP, including whether the RRPs are expected to contribute to effectively addressing all or a significant subset of the challenges identified in the relevant CSRs[12].

34 We have noted previously that neither the RRF Regulation nor the Commission has defined what constitutes a "significant subset" of CSRs, or whether this requirement must be complied with for each policy area or for the RRP as a whole[13]. This means that any assessment of whether the investments and reforms included in the RRP address a significant subset of CSRs remains to some extent a matter of judgement.

35 Before the RRPs were adopted, the Commission mapped the contribution of the RRP components, a set of reforms and investments, to the sub-CSRs, and carried out a qualitative assessment. On this basis, the Commission concluded in all cases that the regulatory requirements "to contribute to effectively addressing all or a significant subset of challenges identified in the relevant country-specific recommendations" were met[14].

36 Only after the RRPs had been approved did the Commission carry out further, more detailed mapping, assigning each measure to one or more sub-CSRs. While this was not required by the RRF Regulation for the assessment of RRPs, we consider this to be

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9 Article 17(3) of the RRF Regulation.

10 Article 18(4)(b) of the RRF Regulation.

11 Commission, SWD(2021) 12 final, Part 1 section 2, page 8.

12 Article 19(3)(b) of the RRF Regulation.

13 Special report 21/2022, paragraph 53.

14 Staff Working Documents assessing the RRPs for each member state.

the appropriate level for examining whether CSRs had been sufficiently addressed by RRF measures, and for identifying those which had not[15].

37 The Commission's mapping of which RRF reforms and investments were supposed to address individual sub-CSRs showed that:

- 52 of the 82 sub-CSRs (64 %) were assessed as being addressed by RRF reforms;
- 15 sub-CSRs (18 %) were assessed as being addressed by RRF investments; and
- 15 sub-CSRs (18 %) were not addressed by any RRF measure. They may however be addressed by other actions taken outside the RRF.

38 We expanded on the Commission's mapping at measure level by assessing to what extent the RRF measures assigned to each sub-CSR were actually addressing the challenges that had been identified. We based our assessment on the description of each measure, and the corresponding milestones and targets included in the annex to the CID. In particular, we assigned each sub-CSR to one of the following five categories:

- the sub-CSR is "**not addressed**" if none of the issues identified in the sub-CSR is addressed by any of the RRF measures, or if there are no reforms linked to the sub-CSR;
- the sub-CSR is "**marginally addressed**" if major issues identified in the sub-CSR are not addressed by the RRF measures;
- the sub-CSR is "**largely addressed**" if only a few minor issues identified in the sub-CSR are not addressed by the RRF measures;
- the sub-CSR is "**fully addressed**" if all issues identified in the sub-CSR are addressed by the RRF measures; and
- those sub-CSRs assessed by the Commission as having achieved substantial progress or full implementation without any RRF measure.

39 Our analysis found that RRF reforms largely addressed around a fifth (18 %) of the business environment sub-CSRs and marginally addressed another third (37 %). We also note that around one fifth (19 %) were not addressed by any RRF reform at all and that none of the sub-CSRs was addressed in full.

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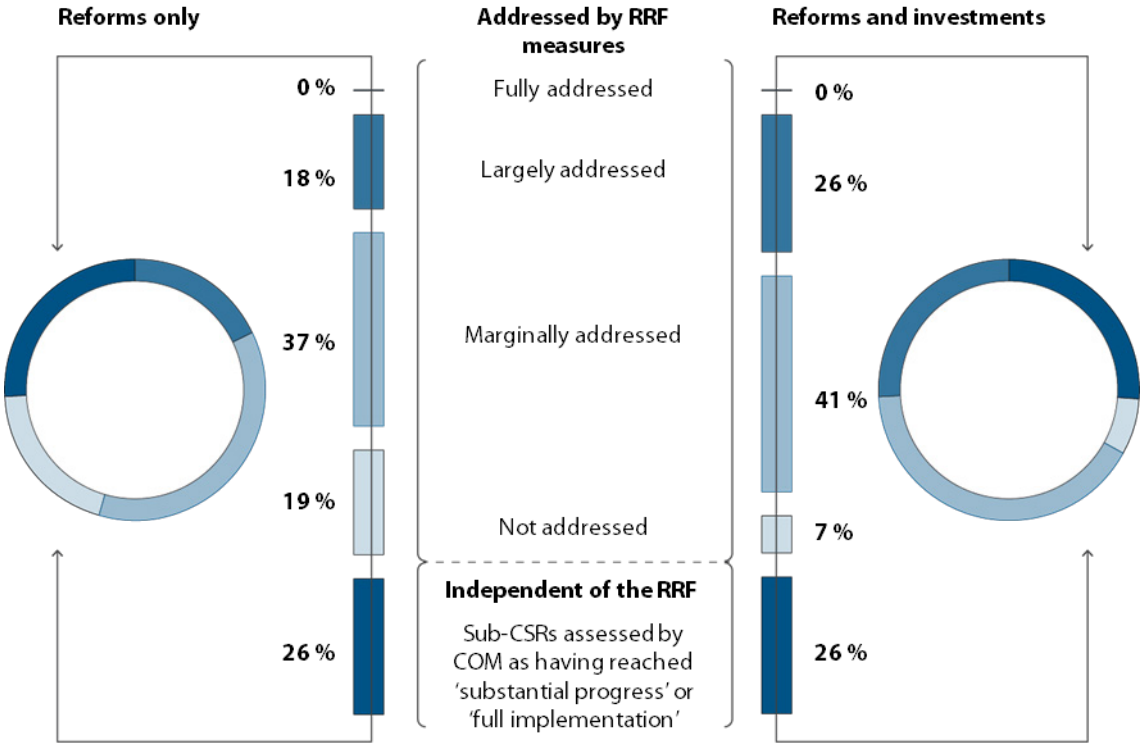
[15] Special report 10/2025, paragraphs 35 and 36 and special report 21/2022, paragraphs 49 and 50.

40 When also considering the related RRF investments, we found that the coverage improves slightly. The sub-CSRs that are largely addressed by either RRF investments or reforms increase from 18 % to 26 %, and those marginally addressed from 37 % to 41 %. At the same time the proportion of sub-CSRs with no substantial progress that were not addressed by any RRF measure decreased from 19 % to 7 %.

41 Lastly, according to the Commission's follow-up of the implementation of sub-CSRs, around a quarter (26 %) of the business environment sub-CSRs progressed to substantial or full implementation without the need for any RRF measure (see *Figure 5*).

Figure 5 | Extent to which individual business environment sub-CSRs have been addressed



Source: ECA.

42 *Box 1* provides examples of sub-CSRs and the extent to which they have been addressed.

Box 1

Business environment sub-CSRs and the extent to which they have been addressed by assigned RRF measures

Largely addressed by the RRF

A 2020 sub-CSR for Portugal[16] called for support to use digital technologies to boost firms' competitiveness by reducing the digital skills deficit, promoting the digitalisation of small and medium-sized enterprises (SMEs), and increasing businesses' innovation capacity. The RRP contained four reforms and nine investments aiming to modernise the education and vocational training systems, including improving digital skills, and to incentivise collaboration between education and businesses so as to respond better to the needs of businesses.

We believe that these measures have the potential to reduce the digital skills deficit.

However, a reform for better cooperation between higher education, public authorities and businesses is important, but not sufficient to fully address the structural issue with regard to the innovation capacity of businesses identified in the CSR.

We therefore conclude that these measures largely address the sub-CSR.

Sub-CSR marginally addressed by assigned RRF measures

A 2020 sub-CSR for Belgium[17] aims to improve the business environment by addressing for example the heavy administrative and regulatory burden, complex tax and labour rules.

The relevant RRF measures (four reforms and six investments) assigned to this sub-CSR partially address digitalisation for businesses and faster administrative procedures. However, Belgium did not include RRF measures addressing other elements of the CSR relating to taxation, the limited flexibility of labour legislation, and the regulatory burden for services.

Given the importance of the unaddressed issues, we consider the sub-CSR to be only marginally addressed by the measures assigned to the sub-CSR.

[16] Sub-CSR 2.4 of 2020.

[17] Sub-CSR 3.2 of 2020.

Sub-CSR not addressed by any assigned RRF measure

In 2020, Bulgaria[18], Estonia[19], Lithuania[20] and Luxembourg[21] received a sub-CSR requiring them to promote private investment to foster economic recovery. However, these have not been addressed by any assigned RRF reform or investment, even though they have not achieved substantial progress.

Sub-CSR implemented without RRF reforms and investments

A 2020 sub-CSR for France[22] aimed to ensure the effective implementation of measures supporting the liquidity of firms (mainly SMEs). To address this sub-CSR, the French RRP only contained one investment and no reforms.

However, the sub-CSR reached *full implementation* status before the French authorities implemented the investment. Consequently, the sub-CSR was implemented without the need for any RRF measure.

43 When looking at coverage of sub-CSRs by thematic area (see ***Figure 6***) we noticed that:

- in most thematic areas, the sub-CSRs are addressed by a mix of measures from the RRF as well as other national measures outside the RRF (with the exception of post-assistance programme measures which are addressed only by measures outside the RRF);
- in three thematic areas, most sub-CSRs reached substantial progress or full implementation through measures outside the RRF ("improving access to finance", "simplify tax systems" and "implement post assistance programmes");
- for the other three thematic areas, the majority of sub-CSRs were at least in part addressed by RRF measures, however most of them only marginally ("promote private investments", "reduce regulatory or administrative burden" and "other general support for growth and competitiveness").
- the one thematic area for which the sub-CSRs have been exclusively addressed by measures outside the RRF is the "implement post assistance programmes"

[18] Sub-CSR 3.4 of 2020.

[19] Sub-CSR 3.2 of 2020.

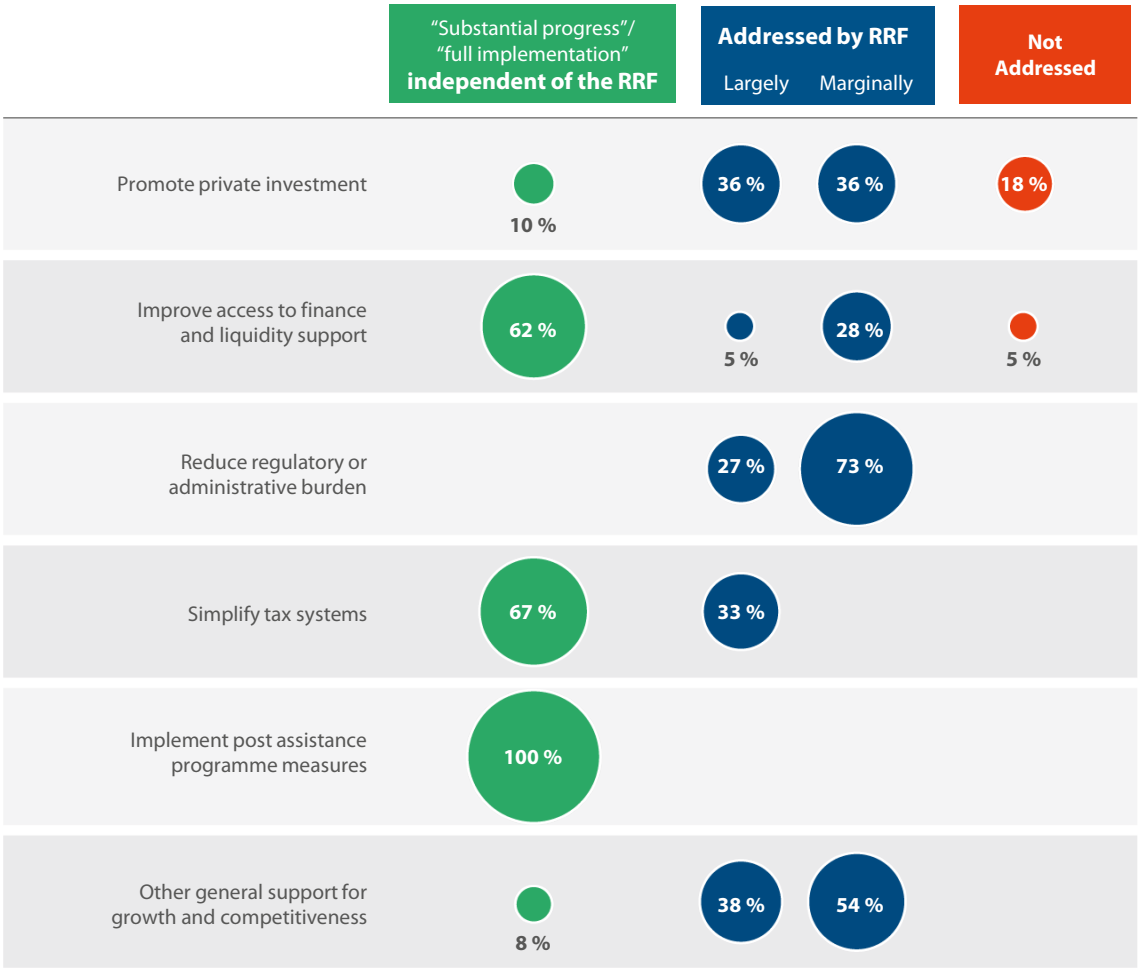
[20] Sub-CSR 3.3. of 2020.

[21] Sub-CSR 3.3 of 2020.

[22] Sub-CSR 3.1 of 2020.

whereas the area addressed exclusively by the RRF is “reduce regulatory or administrative burden”.

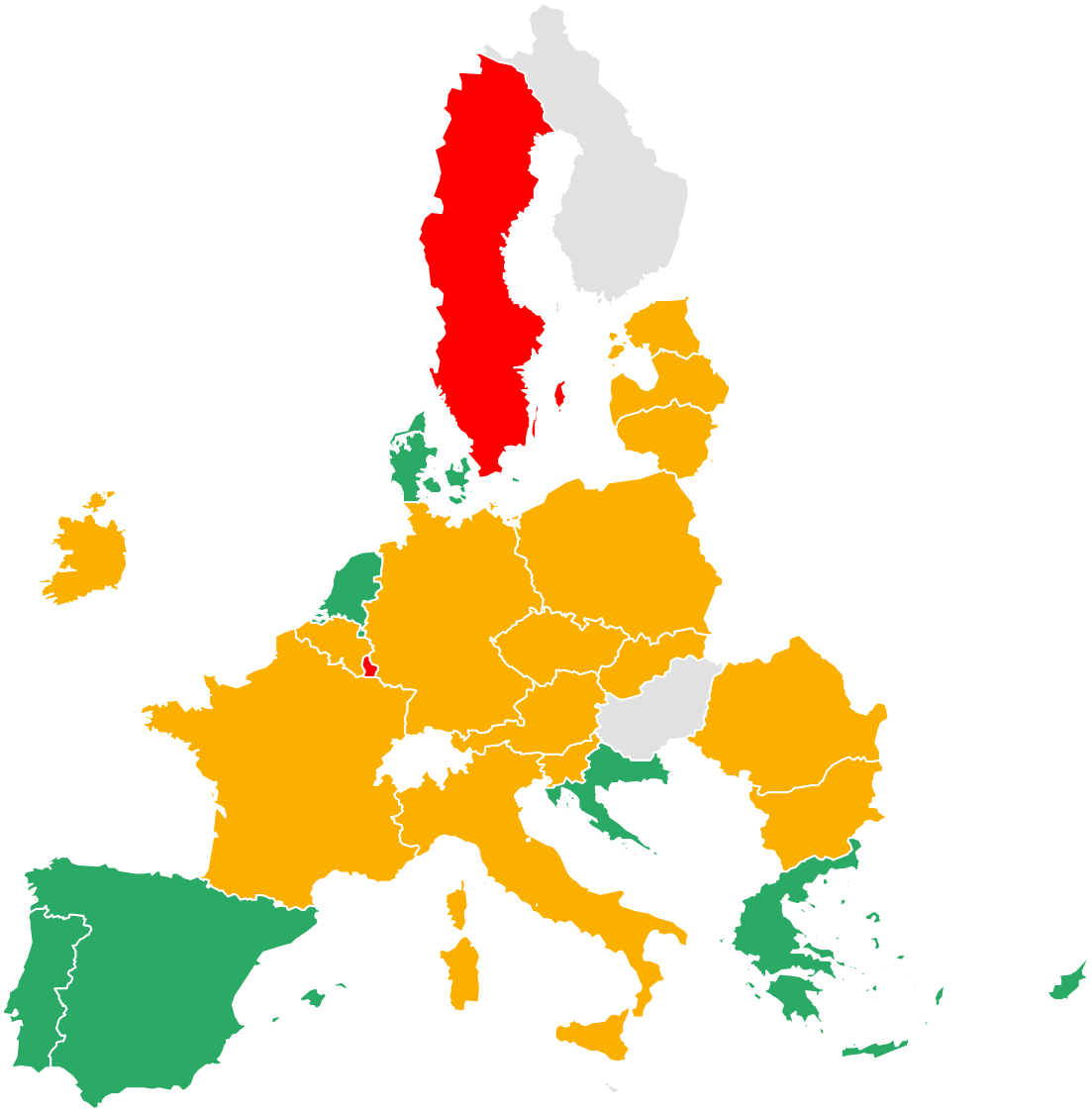
Figure 6 | Extent to which measures are addressing different business environment sub-CSRs by thematic area



Source: ECA.

44 Building on our analysis of the extent to which individual sub-CSRs have been addressed, we consolidated the results for each member state. This assessment takes into account the number of sub-CSRs in each category (fully/largely/marginally/not addressed) as well as their relevance and relative importance to the business environment policy area in the respective member state. Overall, we conclude that in more than half of the member states (16 out of 27), the sub-CSRs are only marginally addressed by RRF reforms and investments assigned to those sub-CSRs. ***Figure 7*** provides an overview of our assessment of sub-CSR coverage for each member state. ***Annex II*** provides link ***(3)*** to our detailed assessment of the extent to which RRF measures addressed each sub-CSR in each member state.

Figure 7 | Consolidated assessment of business environment sub-CSR coverage at member state level by RRF reforms and investments



	No reform or investment is addressing the business environment sub-CSRs	Luxembourg and Sweden
	Business environment sub-CSRs are **marginally addressed** by assigned RRF reforms and investments	Belgium, Bulgaria, Czechia, Germany, Estonia, Ireland, France, Italy, Latvia, Lithuania, Malta, Austria, Poland, Romania, Slovenia and Slovakia
	Business environment sub-CSRs are **largely addressed** by assigned RRF reforms and investments	Denmark, Greece, Spain, Croatia, Cyprus, Netherlands, and Portugal
	Business environment sub-CSRs are **fully addressed** by assigned RRF reforms and investments	None
	Business environment sub-CSRs achieved **substantial progress or full implementation without** contributions from assigned RRF reforms or investments	Hungary and Finland

Source: ECA.

Some structural business environment challenges were not or were only marginally addressed

45 The RRF Regulation refers to investments and reforms, but it does not provide a definition of either. In a guidance note[23] to member states on the RRPs, the Commission noted that the aim of RRF measures – particularly reforms – is to "structurally change parameters" and thereby contribute to structural changes.

46 We found that the scope and ambition of RRF measures varies. While several reforms addressing business environment sub-CSRs did indeed have the potential to address structural challenges, others were less likely to "make changes and improvements with significant impact and long-lasting effects", in line with the Commission's guidance note[24]. ***Box 2*** provides examples of this.

Box 2

Reforms with the potential to address structural challenges

Austria – Start-up package: the aim of the reform is to introduce a new legal form of company which is more suitable for start-ups and innovative SMEs, by offering flexible share allocations to investors and employees, as well as future tax incentives. Together with other reforms in this area, the Austrian authorities forecast that a significant number of new companies will be set up by the end of 2028 (7 500), contributing towards faster business set-ups and growth. In our view, this contributes in part to the respective 2019 and 2020 sub-CSRs which call for supporting business and company growth.

Reform not likely to address structural challenges

Cyprus – Policies to foster access to publicly funded research infrastructure and laboratories: the objective of the reform is to optimise the use of publicly funded research infrastructure by the business community (e.g. laboratories, equipment and tools, speciality information, areas of expertise, and services) to facilitate collaborative partnerships in the research and innovation environment. The reform aims to boost private investment.

[23] Commission, SWD(2021) 12, part 1/2, p. 14.

[24] Ibid.

> The reform involves developing an e-platform listing all 19 public research facilities, including their research infrastructure and the contact person. In our view, the development of an e-platform is only indirectly related and unlikely to address the call to boost private investment in Cyprus made in the respective 2020 sub-CSR.

47 In an earlier special report[25], we noted that, overall, RRPs contributed to most of the 2019 and 2020 CSRs. At the same time, we underlined that some important elements of the CSRs – largely relating to structural challenges – remained unaddressed. This is also the case for the business environment policy area, with some sub-CSRs referring to structural challenges being not or only marginally addressed. These include:

- the 2019 sub-CSRs aiming to reduce the regulatory and administrative burden for business in Belgium, Czechia, Germany, France, Austria and Slovenia were only marginally addressed;
- the 2020 sub-CSRs aiming to promote private investment in Bulgaria, Czechia, Estonia, Lithuania, Luxembourg and Sweden were not addressed.

Business environment reforms faced delays, but some first results contributed to progress in CSR implementation

48 In this section, we assess whether RRF reforms assigned to business environment sub-CSRs in four member states (Bulgaria, Spain, Cyprus and Austria) were implemented as planned. For our assessment, we selected 25 reforms in the four national RRPs that should have been completed by June 2024. We checked whether member states fulfilled their final milestone or target by the time stated in the original CIDs and subsequent CID updates in 2023. Although the CID completion time is only indicative, it provides useful information on potential delays. Our analysis did not take account of investments, as most of them were planned to be completed after that date.

Most reforms faced delays

49 Our analysis shows that seven of the 25 reforms (28 %) were reported as completed by the time stated in the CID. Another 11 reforms (44 %) were reported as completed

[25] Special report 21/2022, paragraph 53.

later than initially planned, with nine of them being delayed by more than six months. The remaining seven reforms (28 %) had not been reported as completed by April 2025 when we finalised our audit fieldwork (see *Table 2*).

Table 2 | Implementation status of sampled reforms addressing business environment sub-CSRs by April 2025

Member states in sample	Reforms planned to be completed by June 2024 in the original CID	Reforms completed as reported by the member states								Reforms not yet completed	
		Completed by the deadline indicated in the CID		Minor delay (≤six months)		Delayed (>6 and ≤12 months)		Major delay (>12 months)			
Austria	5	-	0 %	-	0 %	1	20 %	4	80 %	-	0 %
Bulgaria	10	4	40 %	-	0 %	2	20 %	-	0 %	4	40 %
Cyprus	6	-	0 %	2	33 %	1	17 %	1	17 %	2	33 %
Spain	4	3	75 %	-	0 %	-	0 %	-	0 %	1	25 %
Total	**25**	**7**	**28 %**	**2**	**8 %**	**4**	**16 %**	**5**	**20 %**	**7**	**28 %**
		18 (72 %)								**7 (28 %)**	

Source: ECA, based on Commission data.

50 For the reforms that faced a delay of more than six months (including those not completed at the time of our audit), the reasons given for the delays vary and include a lack of political agreement, administrative challenges, or technical complications. Only Austria had completed all the RRF reforms assigned to business environment sub-CSRs by the time we finalised our audit fieldwork. Given that measures need to be completed by the end of August 2026, further delays pose risks for the completion of measures and thereby the achievement of results.

Reforms generally achieved their intended outputs, but so far only one third of them showed significant results

51 In line with the Financial Regulation and our own methodology, we classify the achievements of a reform or investment in the business environment policy area as follows.

- **Output:** something produced or achieved by a reform or investment, such as the adoption of a legislative act introducing tax incentives, reducing the administrative burden, or removing restrictions that hamper competition.

- **Result:** the immediate effect of a reform or investment upon completion, such as new businesses being set up under specific schemes, or increased investment made by businesses in targeted areas relating to the incentives provided.

- **Impact:** wider long-term consequences, such as increased access to financing options or private investment, overall economic growth, and competitiveness.

52 We examined the extent to which the RRF business environment reforms that were planned to be completed by June 2024 had achieved the expected outputs or results. We based our assessment on a desk review of the expected achievements set out in the CID, and the evidence provided by the member states during our visits and subsequent interactions.

Almost all completed RRF reforms achieved their intended outputs

53 We assessed whether the milestones and targets (which correspond to outputs for the selected reforms) were satisfactorily fulfilled. Our analysis showed that 17 of the 18 reforms completed by April 2025 had achieved their intended outputs. ***Annex III*** provides a detailed analysis of the outputs for each of these 18 reforms. Specifically:

- 17 reforms had fulfilled all their milestones and targets as set out in the initial plans, and therefore had achieved the expected outputs (for example the adoption or entry into force of a law); and

- for one reform, we concluded that it had not achieved all intended outputs as the milestone was only partially completed, even though the Commission assessed it as satisfactorily fulfilled.

54 Lastly, although the completed reforms in the sample had mostly achieved their outputs by fulfilling their respective milestones and targets, there are some general limitations.

- As stated in the first part of the observations of this report (see paragraphs ***22*** to ***26***), reforms differ in scope and nature, and in some cases the fulfilment of milestones and targets may not necessarily translate into structural changes in the respective member state's business environment.

- As we noted in previous reports[26], milestones and targets of reforms are limited to measuring output. This is also true for the area of business environment. For the sampled reforms, all milestones and targets correspond to outputs, mostly

[26] Special report 21/2022, paragraph 88; special report 26/2023, paragraph 48.

the adoption of a law. Therefore, the payment condition is fulfilled as soon as the law including all the required elements was adopted, and not when the law has shown its effects.

55 As regards the added value of the RRF, the representatives of the relevant ministries in the four member states we visited stated that many of the reforms had already been discussed or identified as potential actions for addressing important challenges in CSRs before the RRF was drawn up. However, they felt that RRF financial support played an important role in ensuring that the reforms were actually implemented and implemented at that moment in time.

One third of the completed reforms showed significant results

56 For the 17 reforms we considered as having all milestones and targets completed by April 2025, we assessed whether there was any evidence that results or impacts had been achieved by completing the measure. For our assessment, we classified the information that the member states provided about results for each reform as:

- "**no results**", if no evidence of results could be provided;
- "**limited**", if the results achieved were well below the main objective of the reform, as described in the CID or other relevant supporting documentation; and
- "**significant**", if the results were at least broadly in line with the main objective of the reform, as described in the CID and other relevant supporting documentation.

57 Based on our analysis, we consider the results as significant for five of the 17 reforms, while the achievements were limited for eight others. Member states were unable to provide evidence of results having been achieved in line with the main objective of the RRF reform for slightly less than one quarter of the reforms that were completed (four out of 17). ***Box 3*** provides an example for each category.

Box 3

Results achieved by RRF reforms assigned to business environment sub-CSRs

Significant results

In Bulgaria, the "Efficient use of the radio frequency spectrum" reform aimed at improving 5G readiness and promoting the accelerated deployment of 5G The reform, which consisted of the entry into force of a decree on the reduction of spectrum fees and the completion of spectrum assignments, showed significant results with 5G coverage increasing from 0 % in 2020 to 67 % by 2023 according to the Digital Economy and Society Index published by the Commission.

Limited results

In Austria, the "Strengthening equity capital" reform addressing in part the 2019 sub-CSR on support for company growth, introduced the recapitalisation decree, which made €1 billion available to convert defaulted guaranteed loans into equity. More than three years after the reform entered into force, market demand for recapitalisation measures was low and the authorities had received 18 applications for deferrals of liability claims for defaulted loans totalling approximately €2.5 million.

Under the same reform, the Austrian authorities also introduced the Venture Capital Fund Act to facilitate the provision of equity capital or participation in companies. Results also depend on demand by investors in the medium to long term. So far, no investment company with variable capital has been established under this law, which entered into force in 2023 after a delay of 18 months due to prolonged political negotiations.

Based on the above, we conclude that while the reform provides the overall structure for strengthening equity capital, the reform has achieved very limited results so far.

No evidence of results

In Cyprus, the "Incentives to promote mergers and acquisitions" reform assigned to the 2019 and 2020 sub-CSRs on access to finance for SMEs, consists of an action plan which includes specific incentives to promote mergers or acquisitions of enterprises to scale up and become more competitive.

While the reform has achieved the intended output, which was the approval of the action plan in August 2023, this has so far not led to any results. For example, as of October 2024 no grant schemes were in place, even though that was one of the objectives of the reform.

58 There are several reasons for achieving limited or no results.

- Reforms can be subject to factors outside the national authorities' control. These may include economic changes.
- Member states were not monitoring the results of some reforms or did not define adequate indicators to measure results.
- Results need time to be achieved. This is particularly true of structural reforms, which often entail the adoption or modification of a law. However, the effects of any legal change may take months or years to be felt on the ground. In our sample, 8 of the 10 reforms with limited or no evidence of results had been completed only in 2023 or 2024, and so it may be too early for them to show significant results.

59 Although the RRF Regulation does not explicitly require member states to set up specific result indicators, they are essential for assessing performance. Unlike for labour market reforms[27], our analysis showed that even though no result indicator had been defined in the RRP, national authorities had indicators in place to measure and assess the achievement of objectives for most of the completed reforms (13 out of 17).

60 ***Table 3*** provides an overview of the results of our analysis of the 17 completed RRF reforms, while ***Annex IV*** offers a detailed analysis of each reform.

[27] Special report 10/2025, paragraph 65.

Table 3 | Results of completed RRF business environment reforms in the four selected member states

Member state	Number of reforms						
	Significant results		Limited results		No results		Total
Bulgaria	1	20 %	3	60 %	1	20 %	5
Spain	1	33 %	2	67 %	-	0 %	3
Cyprus	1	25 %	1	25 %	2	50 %	4
Austria	2	40 %	2	40 %	1	20 %	5
Total	**5**	**29 %**	**8**	**47 %**	**4**	**24 %**	**17**

Note: We focus on results, as it is too early to assess impacts. For the definition of the different categories, see paragraph ***56***.

Source: ECA, based on Commission data.

61 Furthermore, we note that even for those reforms that achieved significant results, the potential impact and the long-lasting effects on the business environment depend on several factors and may be reduced by for example:

- A **limited time frame**: some of the reforms were intended to intervene for a limited period of time to mitigate the socio-economic shocks of the pandemic. An example for such a reform is the Spanish "Measures taken in 2020 and 2021 to mitigate the effects of the COVID-19 pandemic" which put in place a number of tax deferral measures in the years 2020 and 2021. The reform achieved significant results during the pandemic as more than 1.5 million self-employed workers and companies benefited from this support. However, its effects do not seem to be long-lasting. Indeed, bankruptcy filings saw a decrease through this support phase, however they generally rose from late 2021 through 2024, reaching their highest in over a decade[28].

- A **limited scope of the reform**: even though some reforms produce significant results, these results are not likely to have a major impact on the implementation progress of the relevant sub-CSR because these reforms address only marginally the challenges identified in the sub-CSR. One example in our sample is the Cypriot reform "Incentives for investments and human capital in research and innovation" which put in place a number of incentives to attract investment in

[28] Eurostat – Quarterly registrations of new businesses and declarations of bankruptcies – statistics.

innovative companies, and foreign talent through two visa schemes. While the reform achieved significant results, it is not likely to improve significantly access to finance for SMEs.

- A rather **remote link between the reform and the business environment:** this applies for example to the Austrian reform "National financial education strategy". As the objective of this reform is to establish a national financial education strategy and a competence framework to increase the level of financial education in schools and for young people, it is more closely related to education than to business environment.

- **Reversals of RRF measures, in particular reforms:** the RRF Regulation provides that corrective action for reversals can be performed up until 31 December 2026, the date by which the Commission will disburse the last payment requests[29]. The regulation does not specify consequences for any reversal occurring after the final payment request has been assessed and other existing frameworks do not allow the Commission to overcome this risk effectively as, for legal reasons, corrective actions can only be applied in very specific cases.

RRF reforms contributed partially to progress in sub-CSR implementation

62 Each year, in the spring package of the European Semester, the Commission publishes its assessment of the implementation of each sub-CSR. It uses five categories to assess their level of implementation: "no progress", "limited progress", "some progress", "substantial progress", and "full implementation".

- "**No progress**": when a member state has neither announced nor adopted any measures to address the CSR.

- "**Limited progress**": when a member state has announced some measures to address the CSR, but these appear insufficient or their adoption or implementation is at risk.

- "**Some progress**": when a member state has announced or adopted measures to address the CSR. These measures are promising, but not all of them have been implemented yet and implementation is not certain in all cases.

[29] Article 24(1) and (3) of the RRF Regulation.

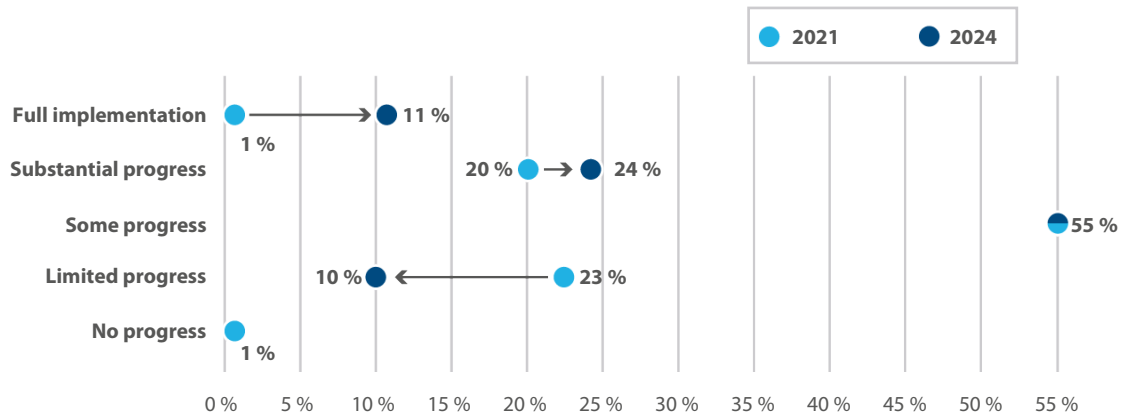
- "**Substantial progress**": when a member state has adopted measures, most of which have been implemented.

- "**Full implementation**": when a member state has adopted and implemented measures that address the CSR appropriately.

63 As stipulated under the European Semester[30], the Commission's assessment of CSR implementation takes all national policymaking into account, and thus goes beyond the RRF measures.

64 Overall, our analysis of the Commission's assessment provides a mixed picture on the rate of sub-CSR implementation progress (the change in implementation status assessed by the Commission) between 2021 and 2024. The proportion of sub-CSRs that achieved substantial progress or full implementation increased from 21 % in 2021 to 35 % in 2024. However, around two thirds of the sub-CSRs continued to show only some or limited progress (see ***Figure 8*** and ***Annex V***).

Figure 8 | Implementation status of 2019 and 2020 business environment sub-CSRs by 2024



Source: ECA, based on Commission data.

65 Moreover, we note that 8 out of 27 member states showed no change in the status of their implementation progress[31], and the situation in another actually became

[30] Regulation (EU) 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance, recitals 10 and 12 and Article 16.

[31] Germany, Estonia, Ireland, Greece, Italy, Lithuania, Malta, Sweden.

worse[32]. Only one member state[33] fully and another one[34] substantially implemented all their 2019-2020 business environment sub-CSRs, but without any RRF support. In our view this indicates that implementation progress for CSRs resulting from RRF measures, while better than in the area of labour market[35], remains slow.

66 For the four member states we selected, we also analysed the extent to which the RRF reforms assigned to business environment sub-CSRs had an impact on the Commission's assessment of sub-CSR implementation. We did so by first identifying which business environment sub-CSRs had progressed over the 2021 to 2024 period. Second, we checked whether – based on the information included in the Commission's assessment – this upgrade resulted from the RRF business environment reforms implemented in the four member states in question.

67 Overall, the four member states in our sample received 15 sub-CSRs. Over the last four years, the Commission has upgraded its assessment for nine of these sub-CSRs, whereas five sub-CSRs made no progress and one sub-CSR was downgraded. In addition, we found that for six of the nine sub-CSRs that were upgraded in three member states, the Commission refers to the RRF reforms assigned to them as having contributed to their progress. At member state level, the only exception was Bulgaria, where the Commission's assessment did not refer to any RRF reform assigned to the two upgraded sub-CSRs. We furthermore note that two upgrades, one for Spain and one for Cyprus, also refer to investments (four in total), which, although not yet complete, have in part contributed to the progress of the respective sub-CSRs (see ***Figure 3*** above).

68 In addition, for two of the six sub-CSRs that progressed, the Commission's assessment moved from "limited progress" to "some progress" due to the impact of the RRF measures. In the remaining four cases, the assessment moved to "substantial progress" or "full implementation" (see ***Table 4*** and ***Box 4***).

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[32] Netherlands.

[33] Finland.

[34] Hungary.

[35] Special report 10/2025, paragraph 67 and Annex V.

Table 4 | Changes in the Commission's assessment of business environment sub-CSRs due to the associated RRF measures, June 2024

Member state	Sub-CSRs								
					Number of upgrades which refer to contributions of assigned RRF reforms and investments				
	Business environment sub-CSRs	Not upgraded (2021-2024)	Downgraded (2021-2024)	Upgraded (2021-2024)	Total upgraded (2021-2024)	From limited to some progress	From limited to substantial progress	From some to substantial progress	From substantial progress to full implementation
Bulgaria	3	-	1	2	-	-	-	-	-
Spain	3	1	-	2	2	1	-	1	-
Cyprus	5	2	-	3	2	1	1	-	-
Austria	4	2	-	2	2	-	-	1	1
Total	**15**	**5**	**1**	**9**	**6**	**2**	**1**	**2**	**1**

Source: ECA, based on Commission data.

Box 4

RRF measures contributing to the upgrade of a sub-CSR from "limited" to "substantial" progress

In 2019, Cyprus received a sub-CSR to provide reliable and swift systems for issuing and transferring title deeds and immovable property rights. The Commission had assessed its implementation as "limited progress" up to 2023.

The Cypriot RRP contained a reform to address inefficiencies in the system for issuing and transferring title deeds. The reform contained three milestones and one target, which tackle the examination of pending cases for issuing title deeds, extending the new planning and building permits policy, reviewing the Streets and Buildings Regulation Law, and amending the Sale of Property Law.

As things stand, the Sale of Property Law has been amended, and the new Planning and Building Permit Policy has been adopted and extended to allow applications to be submitted electronically for planning and building permits.

The Commission upgraded its assessment of the sub-CSR implementation to "substantial progress" in 2024, based on the actions taken under this reform by that year. Our audit work confirms that the reform indeed contributed to the implementation of the sub-CSR.

RRF measures contributing to the upgrade of a sub-CSR from "limited" to "some" progress

In 2020, Spain received a sub-CSR to promote private investment to foster economic recovery. The Commission had assessed implementation as showing "limited progress" up to 2021.

The Commission assessed progress on promoting private investments through assigned RRF measures in key industries:

- an investment to promote the transformation of strategic sectors that are key for Spain's industrial transition, such as the automotive, aeronautical and naval value chains (investment ES-C[C12]-I[I2] Programme to boost competitiveness and industrial sustainability); and
- a reform to increase the competitiveness of the tourism industry (ES-C[C14]-R[R1] Royal Decree implementing the State Financial Fund for Tourism Competitiveness).

The Commission upgraded its assessment of progress on implementing this sub-CSR from "limited" to "some" progress in 2022. Our audit work confirms that the reform already contributed to the implementation of the sub-CSR.

69 Unlike for labour market sub-CSRs[36], when the Commission upgrades CSRs, it refers in the majority of cases to RRF reforms assigned to those sub-CSRs as having contributed to this progress. Our analysis confirmed that six of the completed reforms did indeed contribute to the implementation of the corresponding business environment sub-CSRs. In addition, another three reforms, which had not been entirely completed but had achieved important milestones, were also considered as important factors for the upgrade (see ***Annex VI***).

70 For the six sub-CSRs that had been upgraded due to a contribution from the RRF reforms assigned to them, we conclude that the contribution was substantial in three cases, but partial for the other three, as the upgrade also required other measures that were outside the RRF, or within the RRF but not assigned to the corresponding sub-CSR (see ***Table 5***).

[36] Special report 10/2025, paragraph 71.

Table 5 | Business environment sub-CSRs upgrades and the extent to which reforms contributed to the upgrade for sampled member states

Member states in sample	Sub-CSR upgrades	Upgrades referring to assigned RRF reforms	Assessment of the contribution of assigned RRF reforms to the progress upgrade	
			Partial	Substantial
Bulgaria	3	-	-	-
Spain	2	2	2	-
Cyprus	2	2	-	2
Austria	2	2	1	1
Total	**9**	**6**	**3**	**3**

Source: ECA.

71 Finally, we acknowledge that RRF implementation is ongoing, and it may still be too early for significant results of these reforms to emerge. Indeed, more than halfway through the RRF implementation period, the majority of business environment reforms included in the RRPs still have to be completed. As we already noted previously[37], assessing the impact of reforms in the national RRPs should be the subject of *ex post* evaluations.

This report was adopted by Chamber IV, headed by Mr Petri Sarvamaa, Member of the Court of Auditors, in Luxembourg at its meeting of 30 September 2025.

For the Court of Auditors

Tony Murphy
President

[37] Special report 26/2023, paragraph 83; special report 10/2025, paragraph 62.

Annexes

Annex I – About the audit

Background information

Coordinating of business environment policies in the EU through the European Semester

(1) Member states, sometimes together with their regions, are responsible for effectively regulating the environment and conditions available for firms to be established, operate, and – where necessary – close down efficiently. In its area of competence, the EU can act in three ways: first, through legislation and general policy-setting; second, by coordinating economic policies within the framework of the European Semester; and third, by funding specific measures and activities.

(2) The European Semester[1] aims to coordinate economic and social policies in the member states, based on Article 121 of the TFEU. Article 121 requires EU countries to regard their economic policies as a matter of common concern and coordinate them within the Council. Every year, the Commission publishes country reports and proposals for country-specific recommendations (CSRs) for each member state.

Supporting business environment policies through the Recovery and Resilience Facility

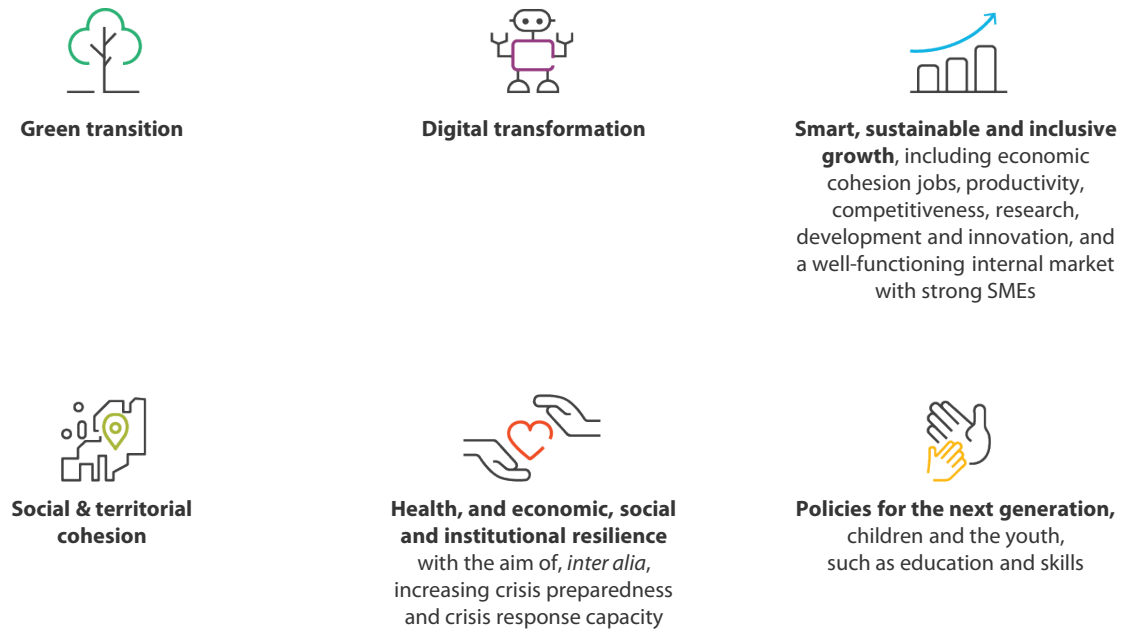
(3) The RRF was established with an initial budget of €724 billion. As a number of member states decided not to use the loan component allocated to them, €650 billion had been committed by the end of 2024 (€359 billion in grants and €291 billion in loans).

[1] Regulation (EU) 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance.

(4) The RRF is implemented under direct management, with the Commission being directly responsible for key steps in implementing the facility[2]. To receive RRF support, member states had to submit their recovery and resilience plans (RRPs), which comprise a set of measures – either reforms or investments. The Commission then assessed the RRPs[3], and the Council subsequently approved them in the form of Council implementing decisions (CIDs).

(5) The Commission has broken down the six pillars defined in the RRF Regulation into 52 policy areas, assigning each reform or investment to a maximum of two policy areas (see ***Figure 1***). One of the 52 policy areas defined by the Commission is "business environment". According to the Commission's tagging, member states estimated total costs of €33 billion for RRF measures tagged to the "business environment" policy area, i.e. almost €1 billion for reforms and €32 billion for investments (see ***Table 1***).

Figure 1 | The six pillars of the Recovery and Resilience Facility



Source: ECA, based on the Commission's Recovery and Resilience Scoreboard.

[2] Article 8 of the RRF Regulation.

[3] Article 19 of the RRF Regulation.

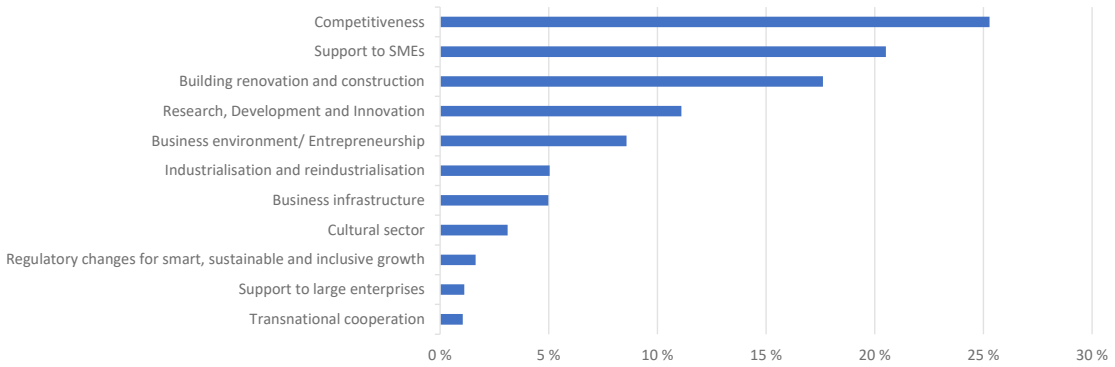
Table 1 | Estimated costs for RRF relating to "business environment"

Policy area	Euro (billion)		
	Reforms	Investments	Total
Estimated costs for all RRF measures tagged to the RRF business environment policy area			
Primary policy area	0.11	18.60	**18.71**
Secondary policy area	0.81	13.73	**14.54**
Total	**0.92**	**32.33**	**33.25**
Estimated costs for all RRF measures related to business environment sub-CSRs			
RRF measures assigned to 82 sub-CSRs and tagged to 37 different RRF primary policy areas	6.07	103.38	109.44

Source: ECA, based on Commission data.

(6) Most measures supporting the business environment RRF policy area are included in the third pillar on "smart, sustainable and inclusive growth". In a broad sense, additional measures may also contribute directly or indirectly to the business environment. A breakdown of measures under pillar three show the various policy areas which together address business needs and provide support to business and industry through the RRF (see ***Figure 2***).

Figure 2 | Breakdown of expenditure supporting smart, sustainable and inclusive growth per policy area



Source: European Commission scoreboard (extracted on July 21st, 2025).

(7) The RRF Regulation also establishes a clear link with the European Semester[4]. In particular, the reforms and investments set out in the initial RRPs were expected to contribute to effectively addressing all or a significant subset of challenges identified in the 2019 and 2020 CSRs. For most member states, these CSRs included business environment challenges. Furthermore, if the national plans were revised, the amended RRPs were to take the latest CSRs into account.

Audit scope and approach

(8) Our audit aimed to assess whether the RRF business environment reforms contributed effectively to addressing member states' challenges identified during the European Semester, as set out in the CSRs, and whether their implementation has led to achieving the intended objectives.

(9) Our audit work included the review of relevant documents and interviews with the Commission, national authorities, and other relevant stakeholders (business representative organisations or unions) in the member states we visited.

(10) We based our audit criteria mainly on the RRF Regulation and related Commission guidance, and the relevant European Semester documents. Details of the audit criteria are provided in the respective sections of this report.

(11) We note that other RRF measures tagged to policy areas other than "business environment" contribute directly or indirectly to the broader growth prospects for business (investments addressing structural green and digital transitions, tax reforms, labour policies, major infrastructure, energy and water works, and reforms and investments in public administration).

(12) For the first audit question: we considered all the 157 reforms and 254 investments assigned to the 82 business environment sub-CSRs included in the RRPs of all member states. We assessed whether and to what extent they addressed the business environment challenges identified in the European Semester. ***Annex II*** provides links to the list of sub-CSRs and RRF measures as well as a table containing our detailed assessment of the extent to which the RRF measures address the sub-CSRs.

[4] Articles 18(4)(b) and 19(3)(b) RRF Regulation.

(13) For our second question, we assessed whether a sample of 25 business-related RRF reforms in four member states (Bulgaria, Spain, Cyprus and Austria) were implemented as planned. For our assessment of the four member states we identified all 15 sub-CSRs associated by the Commission to the business environment policy area. We found that 56 RRF reforms were assigned to these sub-CSRs, of which 46 were meant to be completed by June 2024. Of these we took a sample of 25 reforms for which we checked whether their final milestones or targets were fulfilled by the time indicated in the original CID.

Table 2 | Sample of business environment reforms

Member state	Business environment-related CSRs	RRF reforms assigned to business environment CSRs in the original RRP	Of which reforms to be completed by June 2024		
	Sub-CRSs	RRF reforms	Total	Sample	%
Bulgaria	3	12	10	10	100 %
Spain	3	26	25	4	16 %
Cyprus	5	12	6	6	100 %
Austria	4	5	5	5	100 %
Total	**15**	**56**	**46**	**25**	**54 %**

Source: ECA, based on Commission data.

(14) For the sample of reforms in individual member states related to our second question, we selected measures, avoiding duplication of audit efforts for measures already audited in other tasks, and feasible within our mission time frame, as follows:

- for Austria, Bulgaria and Cyprus, we took 100 % of the reforms meant to be completed by June 2024;
- in the case of Spain, of the 25 reforms meant to be completed by June 2024, we selected 4 and excluded 21 for the following reasons:
  - nine reforms had already been audited in our statement of assurance work in previous years;
  - four reforms were already being audited under our report on labour-related reforms; and

- eight reforms had primary policy areas and subjects that in our view focused less on core business environment aspects, or are focused on subjects which we already covered in other audits (such as digital transition and rule of law).

Annex II – Links to further technical information made available on the ECA's open data platform

This annex contains links to three documents which we have made available on the ECA's open data platform.

(1) List of business environment sub-CSRs

(2) List of RRF reforms and investments associated with business environment sub-CSRs

(3) ECA assessment of the extent to which each sub-CSR has been addressed

Annex III – Assessment of output of completed reforms in the sampled member states

Country	Reforms	Milestone/target	Assessment output
Bulgaria	**BG-C[C3]-R[R1]** **Legal framework to attract industrial investment and develop industrial ecosystems**	**M35** Entry into force of the new Industrial Parks Act **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2021	Milestone/target achieved
	BG-C[C7]-R[R2] **Efficient use of the radio frequency spectrum**	**M137** Entry into force of the decree on the reduction of spectrum fees **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2021	Milestone/target achieved
		M138 Completion of the spectrum assignment in the 26 GHz band **Qualitative indicator:** Communication of assignment of spectrum to operators **Planned completion:** Q4 2022	Milestone/target achieved
		M139 Completion of assignment of the available spectrum in the 700 MHz and 800 MHz bands **Qualitative indicator:** Communication of assignment of spectrum to operators **Planned completion:** Q1 2023	Milestone/target achieved

Country	Reforms	Milestone/target	Assessment output
	BG-C[C7]-R[R3] Creating a favourable investment environment	**M140** Entry into force of legislative changes implementing recommendations under the Connectivity Toolbox **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q4 2020	Milestone/target partially completed
	BG-C[C10]-R[R4] Strengthening insolvency procedures	**M228** Entry into force of legislative amendments to the Commercial Law with regards to the insolvency and restructuring procedures **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q3 2022	Milestone/target achieved
		M229 Measures to implement the reform to the insolvency framework completed **Qualitative indicator:** list of the training on the new insolvency framework organised and delivered, copies of the manuals, codes, templates and guidelines adopted, publication in the Official Journal **Planned completion:** Q2 2023	Milestone/target achieved
	BG-C[C10]-R[R5] Digital reform of the Bulgarian construction sector	**M230** Strategy and roadmap for the introduction of Building Information Modelling (BIM) in the design, execution and maintenance of construction works **Qualitative indicator:** Strategy and roadmap for BIM introduction **Planned completion:** Q1 2023	Milestone/target achieved
	BG-C[C10]-R[R9] Improving the quality of the legislative process	**M241** Entry into force of the Rules for the Organisation and the Activity of the National Assembly **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q4 2021	Milestone/target achieved

Country	Reforms	Milestone/target	Assessment output
Spain	**ES-C[C13]-R[R2] Strategy Spain Entrepreneurial Nation**	**M192** Entry into force of the Start-ups Law **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q4 2022	Milestone/target achieved
	ES-C[C14]-R[R1] Royal Decree implementing the State Financial Fund for Tourism Competitiveness (FOCIT)	**M214** Plan to promote the tourism sector **Qualitative indicator:** Plan describing measures to boost the tourism sector and the framework for the implementation of tourism related measures. **Planned completion:** Q2 2022	Milestone/target achieved
		M215 Launch of 'DATAESTUR' website collecting data on tourism **Qualitative indicator:** Website **Planned completion:** Q4 2020	Milestone/target achieved
		M216 Entry into force of the Royal Decree implementing the State Financial Fund for Tourism Competitiveness **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q4 2021	Milestone/target achieved
	ES-C[C28]-R[R1] Measures taken in 2020 and 2021 to mitigate the effects of the COVID-19 pandemic	**M385** Fiscal measures adopted in 2020 and 2021 to alleviate the effects of the COVID-19 pandemic. **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2021	Milestone/target achieved
Cyprus	**CY-C[C2.1]-R[R3] Digital One-Stop Shops to streamline RES projects permitting and to facilitate Energy Renovation in Buildings**	**M22** Fully operational IT platform **Qualitative indicator:** Fully operational IT platform (completion acceptance certificate) **Planned completion:** Q4 2022	Milestone/target achieved

Country	Reforms	Milestone/target	Assessment output
	CY-C[C3.2]-R[R2] Incentives to encourage and attract investments and human capital in Research and Innovation	**M122** Tax exemption of legal entities for investing in innovative companies **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2022	Milestone/target achieved
	CY-C[C3.3]-R[R1] Facilitation of Strategic investments	**M134** Entry into force of the Law supporting strategic investments, streamlining of procedures for licencing strategic investments and issuance of building permits **Qualitative indicator:** Provision in the law indicating the law's entry into force **Planned completion:** Q4 2022	Milestone/target achieved
		M135 Set-up of a sector in the Department of Town Planning and Housing to improve the system for facilitating strategic investments; publication of the process system and of the guidelines design; and reporting by the coordinating authority of key staff training for the implementation of the reform **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q4 2023	Milestone/target achieved
	CY-C[C3.3]-R[R6] Incentives to promote mergers and acquisitions	**M143** Action plan for incentives for mergers and acquisitions **Qualitative indicator:** Report and an accompanying action plan by the Council of Ministers on specific incentives for promoting mergers and acquisitions **Planned completion:** Q4 2022	Milestone/target achieved

Country	Reforms	Milestone/target	Assessment output
Austria	**AT-C[C2]-R[2C1] Proposed legislation for Once Only: Amendment of the Business Service Portal Act**	**M56** Upgrade of the relevant IT infrastructure **Qualitative indicator:** Entry into force of legislative amendment introducing the "once only" principle to the Business Service Portal Act. Tools provided including the Information Obligation Database (IVDB) survey tool, and the Register and Systems Network (RSV) to ensure interoperability and data exchange **Planned completion:** Q4 2023	Milestone/target achieved
		M57 The **Regulation on Information Obligation Database (IVDB)** is in force, making it mandatory for ministries to populate the database with information obligations emanating from existing laws and regulations. Registers have been connected according to the registration timetable adopted by the "once only" steering committee	Milestone/target achieved
		M58 The Once Only technical system connection **Qualitative indicator:** The connection to be established, meeting the requirements of the Single Digital Gateway (SDG) as set in Regulation (EU) 2018/1724 **Planned completion:** Q4 2022	Milestone/target achieved
	AT-C[C4]-R[4D7] National Financial Education Strategy	**M162** Strategy document **Qualitative indicator:** Published strategy document on the national financial education strategy, including an action plan **Planned completion:** Q3 2021	Milestone/target achieved

Country	Reforms	Milestone/target	Assessment output
		M163 Finalisation of the competency framework for financial education **Qualitative indicator:** Published competency framework for financial education, sent to the European Commission **Planned completion:** Q4 2022	Milestone/target achieved
	AT-C[C4]-R[4D8] Start-up package	**M164** Entry into force of the start-up package **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2022	Milestone/target achieved
	AT-C[C4]-R[4D9] Strengthening equity capital	**M165** Decree on the conversion of state-guaranteed loans into equity **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q3 2021	Milestone/target achieved
		M166 Entry into force of the company form for investments in shareholding (SICAV) **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2022	Milestone/target achieved
	AT-C[C4]-R[4D11] Liberalisation of business regulations	**M169** Entry into force of the Occasional Transport Act, which shall abolish a binding tariff for occasional transport (taximeter obligation) **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2021	Milestone/target achieved

Country	Reforms	Milestone/target	Assessment output
		M170 Entry into force of a decree making recharging points for electric motor vehicles and photovoltaic systems in commercial installations in principle exempt from authorisation **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2021	Milestone/target achieved
		M171 Entry into force of the law on the removal of barriers to business transfers (Grace Period Act) **Qualitative indicator:** Publication in the Official Journal **Planned completion:** Q1 2021	Milestone/target achieved

Annex IV – Assessment of results of completed reforms in the sampled member states

For completed reforms that achieved the intended outputs, we assessed both results and impact, as defined in paragraph *51*.

Country	Reform	Assessment of results/impact	Completed after Q4 2023?	Adequacy of specific indicators
Bulgaria	BG-C[C3]-R[R1] Legal framework to attract industrial investment and develop industrial ecosystems	Limited results	No (Q1 2021)	Adequate
	BG-C[C7]-R[R2] Efficient use of the radio frequency spectrum	Significant results	No (Q1 2021)	Adequate
	BG-C[C10]-R[R4] Strengthening insolvency procedures	Limited results	No (Q3 2023)	Adequate
	BG-C[C10]-R[R5] Digital reform of the Bulgarian construction sector	No results	No (Q1 2023)	Adequate
	BG-C[C10]-R[R9] Improving the quality of the legislative process	Limited results	No (Q4 2021)	Adequate

Country	Reform	Assessment of results/impact	Completed after Q4 2023?	Adequacy of specific indicators
Spain	Reform 1 (C14.R1) Royal Decree implementing the State Financial Fund for Tourism Competitiveness (FOCIT)	Limited results	No (Q2 2020)	Adequate
	Reform 1 (C28.R1) Measures taken in 2020 and 2021 to mitigate the effects of the COVID-19 pandemic	Significant results	No (Q1 2021)	Adequate
	Reform 2 (C13.R2) Strategy Spain Entrepreneurial Nation	Limited results	No (Q3 2022)	Adequate
Cyprus	CY-C[C2.1]-R[R3] Digital One-Stop Shops to streamline RES projects permitting and to facilitate Energy Renovation in Buildings	Limited results	No (Q2 2023)	Adequate
	CY-C[C3.2]-R[R2] Incentives to encourage and attract investments and human capital in Research and Innovation	Significant results	No (Q2 2022)	Adequate
	CY-C[C3.3]-R[R1] Facilitation of Strategic investments	No results	Yes (Q2 2024)	Adequate
	CY-C[C3.3]-R[R6] Incentives to promote mergers and acquisitions	No results	No (Q3 2023)	Adequate

Country	Reform	Assessment of results/impact	Completed after Q4 2023?	Adequacy of specific indicators
Austria	AT-C[C4]-R[4D7] National financial education strategy	Significant results	No (Q3 2021)	Adequate
	AT-C[C4]-R[4D8] Start-up package	Limited results	No (Q4 2023)	Adequate
	AT-C[C4]-R[4D9] Strengthening equity capital	Limited results	No (Q3 2021)	Adequate
	AT-C[C2]-R[2C1] Proposed legislation for Once Only: Amendment of the Business Service Portal Act	Significant results	Yes (Q2 2024)	Adequate
	AT-C[C4]-R[4D11] Liberalisation of business regulations	No results	Yes (Q2 2024)	No indicator

Annex V – Progress in the implementation of sub-CSRs

Evolution of the implementation of business environment sub-CSRs according to the Commission's assessment

Country	Year	Sub-CSR	Assessment 2021	Assessment 2022	Assessment 2023	Assessment 2024
Belgium	2020	3.1	Some progress	Full implementation	Full implementation	Full implementation
		3.2	Limited progress	Some progress	Some progress	Some progress
		3.4	Some progress	Some progress	Some progress	Some progress
	2019	4.1	Limited progress	Some progress	Some progress	Some progress
Bulgaria	2020	3.1	Some progress	Substantial progress	Substantial progress	Substantial progress
		3.4	Limited progress	Some progress	Some progress	Some progress
	2019	3.4	Some progress	Some progress	Some progress	Limited progress
Czechia	2020	3.1	Some progress	Some progress	Limited progress	Some progress
		3.2	Limited progress	Limited progress	Some progress	Some progress
		3.4	Some progress	Some progress	Limited progress	Some progress
	2019	3.4	Limited progress	Limited progress	Limited progress	Limited progress
Denmark	2020	2.2	Some progress	Substantial progress	Substantial progress	Substantial progress
Germany	2020	2.2	Some progress	Some progress	Some progress	Some progress
		2.10	Some progress	Some progress	Some progress	Some progress
		2.11	Some progress	Some progress	Some progress	Some progress
	2019	1.1	Some progress	Some progress	Some progress	Some progress
Estonia	2020	3.2	Some progress	Some progress	Some progress	Some progress
		3.8	Some progress	Some progress	Some progress	Some progress
		3.9	Some progress	Some progress	Some progress	Some progress
Ireland	2020	3.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		3.3	Some progress	Some progress	Some progress	Some progress
	2019	3.6	Some progress	Some progress	Some progress	Some progress
		3.7	Some progress	Some progress	Some progress	Some progress
Greece	2020	3.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		3.3	Some progress	Some progress	Some progress	Some progress
		4.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
	2019	1.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
Spain	2020	3.1	Some progress	Substantial progress	Substantial progress	Substantial progress
		3.3	Limited progress	Some progress	Some progress	Some progress
	2019	2.10	Some progress	Some progress	Some progress	Some progress
France	2020	3.1	Substantial progress	Full implementation	Full implementation	Full implementation
		3.3	Some progress	Substantial progress	Substantial progress	Substantial progress
		4.1	Limited progress	Limited progress	Limited progress	Limited progress
		4.2	Some progress	Some progress	Some progress	Some progress
		4.3	Substantial progress	Substantial progress	Substantial progress	Substantial progress
	2019	4.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		4.2	Limited progress	Limited progress	Limited progress	Limited progress
		4.3	Full implementation	Full implementation	Full implementation	Full implementation
Croatia	2020	3.1	Substantial progress	Full implementation	Full implementation	Full implementation
		3.2	Limited progress	Some progress	Substantial progress	Substantial progress
		3.5	Some progress	Limited progress	Limited progress	Some progress
	2019	4.4	Limited progress	Some progress	Substantial progress	Substantial progress

Country	Year	Sub-CSR	Assessment 2021	Assessment 2022	Assessment 2023	Assessment 2024
Italy	2020	3.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		3.3	Some progress	Some progress	Some progress	Some progress
	2019	5.2	Some progress	Some progress	Some progress	Some progress
Cyprus	2020	3.1	Some progress	Some progress	Some progress	Some progress
		3.3	Limited progress	Some progress	Some progress	Some progress
	2019	4.6	Limited progress	Limited progress	Limited progress	Some progress
		4.7	Some progress	Some progress	Some progress	Some progress
		5.2	Limited progress	Limited progress	Limited progress	Substantial progress
Latvia	2020	3.1	Some progress	Some progress	Substantial progress	Substantial progress
		3.3	Some progress	Some progress	Some progress	Some progress
Lithuania	2020	3.1	Some progress	Some progress	Some progress	Some progress
		3.3	Some progress	Some progress	Some progress	Some progress
		3.7	Some progress	Some progress	Some progress	Some progress
Luxembourg	2020	3.1	Substantial progress	Substantial progress	Full implementation	Full implementation
		3.3	Limited progress	Some progress	Limited progress	Limited progress
Hungary	2020	3.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		3.3	Substantial progress	Substantial progress	Substantial progress	Substantial progress
Malta	2020	3.3	Some progress	Some progress	Some progress	Some progress
Netherlands	2020	3.2	Some progress	Limited progress	Limited progress	Limited progress
Austria	2020	3.1	Substantial progress	Substantial progress	Substantial progress	Full implementation
		3.2	Some progress	Some progress	Some progress	Substantial progress
		3.4	Some progress	Some progress	Some progress	Some progress
	2019	3.4	Some progress	Some progress	Some progress	Some progress
Poland	2020	3.3	No progress	No progress	Limited progress	Limited progress
Portugal	2020	2.4	Limited progress	Some progress	Some progress	Some progress
		3.1	Substantial progress	Substantial progress	Substantial progress	Substantial progress
		3.3	Some progress	Some progress	Some progress	Substantial progress
	2019	4.2	Limited progress	Limited progress	Limited progress	Limited progress
Romania	2020	3.1	Substantial progress	Full implementation	Full implementation	Full implementation
		3.3	Some progress	Some progress	Some progress	Some progress
Slovenia	2020	3.2	Some progress	Some progress	Some progress	Some progress
		3.4	Limited progress	Limited progress	Some progress	Some progress
	2019	2.2	Some progress	Some progress	Some progress	Some progress
Slovakia	2020	3.1	Some progress	Some progress	Substantial progress	Some progress
		3.4	Some progress	Some progress	Some progress	Some progress
		4.2	Limited progress	Some progress	Some progress	Some progress
	2019	3.6	Limited progress	Some progress	Some progress	Some progress
Finland	2020	3.1	Substantial progress	Substantial progress	Full implementation	Full implementation
		3.3	Some progress	Some progress	Full implementation	Full implementation
Sweden	2020	2.4	Some progress	Some progress	Some progress	Some progress

Source: ECA, based on Commission country reports 2021-2024.

Annex VI – Relevance of assigned RRF reforms for the Commission's assessment of business environment sub-CSRs in the sampled member states

Bulgaria

(1) For Bulgaria, six reforms have been implemented so far. All RRF reforms are assigned to sub-CSR 2019 3.4. The "Legal framework to attract industrial investment and develop industrial ecosystems" reform (BG-C[C3]-R[R1]) is also assigned to sub-CSR 2020 3.1. Two out of three sub-CSRs show an upgrade, and one a downgrade, in the Commission's assessment of implementation status (see ***Table 1***).

(2) **The assessment of the implementation of sub-CSR 2019 3.4** was downgraded in 2024. According to the explanation in the CeSaR database (the Commission's internal database including assessments of the CSRs), the measures to improve the business environment and remove the existing obstacles to investment have not led to significant improvements so far. Commitments made in the Bulgarian RRP go in the right direction, but are still in their early stages of implementation and delays have been observed. The RRF reforms and investments being taken into account are:

— "Digital reform of the Bulgarian construction sector" (BG-C[C10]-R[R5]);

— "Legal framework to attract industrial investment and develop industrial ecosystems" (BG-C[C3]-R[R1]); and

— the "unified information system for spatial planning, investment design and construction permitting" investment (BG-C[C10]-I[I7]), which is expected to be completed by June 2026.

(3) **The assessment of the implementation of sub-CSR 2020 3.1** shows an upgrade in the implementation assessment of 2022. We could not find any reference in the Commission's 2022 CeSaR assessment to the implementation of the tagged "Legal framework to attract industrial investment and develop industrial ecosystems" reform (BG-C[C3]-R[R1]). The progress is attributed mainly to other measures outside the RRF. In its 2024 assessment, the Commission makes reference to other RRF measures that are not associated with this sub-CSR. The two ongoing

investments planned to be completed by June 2026 are the following investments:

— "Economic transformation programme" (BG-C[C3]-I[I2]); and

— "Programme to accelerate economic recovery and transformation through research and innovation" (BG-C[C2]-I[I1]).

(4) **The assessment of the implementation of sub-CSR 2020 3.4** shows an upgrade in the implementation assessment of 2022. Despite no RRF measures being assigned to this sub-CSR, the Commission refers to three RRF reforms and investments as contributing to its progress:

— the "Legal framework to attract industrial investment and develop industrial ecosystems" reform (BG-C[C3]-R[R1]);

— the "Efficient use of the radio frequency spectrum" reform (BG-C[C7]-R[R2]); and

— the "Public support programme for the development of industrial districts, parks and similar territories and attracting investments ("AttractInvestBG")" investment (BG-C[C3]-I[I1]), even though its planned implementation date is June 2026.

(5) This shows inconsistency in associating RRF measures with sub-CSRs.

Table 1 | Bulgaria: Implementation of sub-CSRs and reforms

			European Semester Assessment				European Semester Assessment				European Semester Assessment				European Semester Assessment
CSR	**Description**	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**
2019 3.4	Focus investment-related economic policy on […] improving the business environment.	BG-C[C3]-R[R1] BG-C[C7]-R[R3]	Some Progress		BG-C[C10]-R[R9]		Some Progress			BG-C[C10]-R[R5]	Some Progress		BG-C[C7]-R[R2]	BG-C[C10]-R[R4]	Limited Progress
2020 3.1	Streamline and accelerate the procedures to provide effective support to small and medium-sized enterprises and self-employed.	BG-C[C3]-R[R1]	Some Progress				Substantial Progress				Substantial Progress				Substantial Progress
2020 3.4	Promote private investment to foster the economic recovery.		Limited Progress				Some Progress				Some Progress				Some Progress

Source: ECA, based on Commission assessments for 2021-2024.

Spain

(6) For Spain, two RRF reforms had been implemented by June 2024. These reforms are assigned to two out of three sub-CSRs in our sample. Two out of three sub-CSRs show an upgrade in the Commission's assessment of implementation status (see ***Table 2***).

(7) **The assessment of the implementation of sub-CSR 2020 3.1** shows an upgrade in the implementation assessment of 2022. The Commission's 2022 assessment refers to three RRF reforms contributing to its progress:

— assigned reform "Measures taken in 2020 and 2021 to mitigate the effects of the COVID-19 pandemic" (ES-C[C28]-R[R1]);

— assigned reform "Improving business regulation and climate" (ES-C[C13]-R[R1]); and

— non-assigned reform "Royal Decree implementing the State Financial Fund for Tourism Competitiveness (FOCIT)" (ES-C[C14]-R[R1]).

(8) **The assessment of the implementation of sub-CSR 2020 3.3** shows an upgrade in the implementation assessment of 2022. The Commission's 2022 assessment refers to the launch of plans to boost the automotive value chain and the tourism sector as RRF reforms and investments contributing to its progress:

— assigned reform "Royal Decree implementing the State Financial Fund for Tourism Competitiveness (FOCIT)" (ES-C[C14]-R[R1]); and

— assigned investment "Programme to boost competitiveness and industrial sustainability" (ES-C[C12]-I[I2]).

Table 2 | Spain: Implementation of sub-CSRs and reforms

CSR	Description	Q1 2021	European Semester Assessment Q2 2021	Q3 2021	Q4 2021	Q1 2022	European Semester Assessment Q2 2022	Q3 2022	Q4 2022	Q1 2023	European Semester Assessment Q2 2023	Q3 2023	Q4 2023	Q1 2024	European Semester Assessment Q2 2024
2019 2.10	Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications.		Some Progress				Some Progress				Some Progress				Some Progress
2020 3.1	Ensure the effective implementation of measures to provide liquidity to SMEs and the self-employed, including by avoiding late payments.	ES-C[C28]-R[R1]	Some Progress			ES-C[C13]-R[R1]*	Substantial Progress				Substantial Progress				Substantial Progress
2020 3.3	Promote private investment to foster the economic recovery.		Limited Progress		ES-C[C14]-R[R1]		Some Progress				Some Progress				Some Progress

Note: * Specific milestones were considered for the upgrade of the CSR, as not all milestones were completed by Q2 2022.

Source: ECA.

Cyprus

(9) For Cyprus, three RRF reforms have been implemented so far. Three out of five sub-CSRs show an upgrade in the Commission's assessment of implementation status (see ***Table 3***).

(10) T**he assessment of the implementation of CSR 2019 4.6** was upgraded in 2024 from "limited" to "some" progress. The Commission refers to three assigned reforms as contributing to its progress:

— assigned reform "Digital One-Stop Shops to streamline RES projects permitting and to facilitate Energy Renovation in Buildings" (CY-C[C2.1]-R[R3]);

— assigned reform "Facilitation of Strategic investments" (CY-C[C3.3]-R[R1]); and

— assigned reform "Strategy for addressing inadequacies of the property transaction system (title deeds)" (CY-C[C3.5]-R[R3]).

(11) The reform for the digital one-stop-shop was the only reform completed by June 2024. The remaining reforms were taken into account as being partially completed.

(12) **The assessment of the implementation of CSR 2019 5.2** was upgraded in 2024 from "limited" to "substantial" progress. The Commission refers to one assigned reform as contributing to its progress:

— reform “Strategy for addressing inadequacies of the property transaction system (title deeds)” CY-C[C3.5]-R[R3].

(13) For this sub-CSR, the Commission recognises the implementation of the intermediate three milestones and one target, stating that these developments are indicative of “substantial progress”. Before the CSR is assessed as fully implemented, it remains to be seen whether these amendments have actually addressed the issue or not. This reform had not been fully implemented by June 2024, with one milestone still to be achieved as regards the entry into force of the streets and building regulation (milestone M196). It has been debated in Parliament since October 2023.

(14) **The assessment of the implementation of CSR 2020 3.3** was upgraded in 2022 from “limited” to “some” progress. The Commission refers to three assigned reforms and three assigned investments as contributing to its progress:

— reform “Facilitation of Strategic investments” (CY-C[C3.3]-R[R1]);

— reform “Enhancing Fast-Track Business Activation Mechanism” (CY-C[C3.3]-R[R2]);

— reform “Design and establish a National Promotional Agency” (CY-C[C3.3]-R[R4]);

— investment “State-funded equity fund” (CY-C[C3.3]-I[I6]);

— investment “Enrichment of the tourism product in rural, mountainous and remote areas” (CY-C[C3.1]-I[I10]); and

— investment “Creation of a National Commercial Identity and promotion of the traditional product *halloumi*” (CY-C[C3.1]-I[I5]).

(15) Although assigned to the relevant sub-CSR, not all reforms and investments had been fully completed at the time of the assessment. The measures were taken into account as having been partially completed.

(16) In addition, three assigned reforms which were completed by June 2024 and tagged to three sub-CSRs – 2019 4.7, 2020 3.1 and 2020 3.3 – have not led to any upgrade in progress status in the years in which they were completed.

Table 3 | Cyprus: Implementation of sub-CSRs and reforms

			European Semester Assessment				European Semester Assessment				European Semester Assessment				European Semester Assessment
CSR	Description	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
2019 4.6	Adopt legislation to simplify the procedures for strategic investors to obtain necessary permits and licences.		Limited Progress				Limited Progress			CY-C[C2.1]-R[R3] Q2 23	Limited Progress			CY-C[C2.1]-R[R3] CY-C[C3.3]-R[R1]* CY-C[C3.5]-R[R3]*	Some Progress
2019 4.7	Improve access to finance for SMEs.		Some Progress			CY-C[C3.2]-R[R2] Q2 22	Some Progress				Some Progress	CY-C[C3.3]-R[R6]			Some Progress
2019 5.2	Ensure reliable and swift systems for the issuance and transfer of title deeds and immovable property rights.		Limited Progress				Limited Progress				Limited Progress			CY-C[C3.5]-R[R3]*	Substantial Progress
2020 3.1	Secure adequate access to finance and liquidity, especially for small and medium-sized enterprises.		Some Progress			CY-C[C3.2]-R[R2] Q2 22	Some Progress				Some Progress	CY-C[C3.3]-R[R6]			Some Progress
2020 3.3	Promote private investment to foster the economic recovery.		Limited Progress				Some Progress				Some Progress	CY-C[C3.3]-R[R6]		CY-C[C3.3]-R[R1]* CY-C[C3.3]-R[R2]* CY-C[C3.3]-R[R4]*	Some Progress

Note: * Not completed by Q1 2024, but individual milestones that were completed were taken into account for the upgrade of the CSR.

Source: ECA.

Austria

(17) For Austria, five RRF reforms in our sample had been implemented by June 2024. Other RRF reforms outside our sample are referred to in the assessments of sub-CSR 2020 3.1 and 2020 3.2. Two out of four business environment sub-CSRs show an upgrade in the Commission's assessment of implementation status (see ***Table 4***).

(18) **The assessment of the implementation of CSR 2019 3.4**: three reforms assigned to sub-CSR 2019 3.4 were implemented by Q4 2023. However, the assessment of the implementation of this sub-CSR remained unchanged after the reforms were implemented. The Commission's evaluation of the sub-CSR supports the status being maintained, stating that although Austria is currently implementing a start-up package which is part of the Austrian RRP, the small and volatile market for equity capital (notably risk capital) acts as a bottleneck to scaling up innovative, growth-oriented firms.

(19) **The assessment of the implementation of CSR 2020 3.1** was upgraded in 2024. According to the explanation in the CeSaR database, the Commission stated that, with the introduction of the start-up package including the introduction of a new form of company known as the *Flexible Kapitalgesellschaft*, this sub-CSR had been fully addressed. The RRF reform taken into account is:

— the "Start-up package" reform (AT-C[C4]-R[4D8]).

(20) **The assessment of the implementation of CSR 2020 3.2** was upgraded in 2024. The Commission considered three reforms as relevant to its progress:

— Non-assigned reform “Start-up package” (AT-C[C4]-R[4D8]);

— assigned reform “Proposed legislation for Once Only: Amendment of the Business Service Portal Act” (AT-C[C2]-R[2C1]); and

— assigned reform “Liberalisation of business regulations” (AT-C[C4]-R[4D11]).

(21) Three completed reforms were considered as contributing to the progress of this specific sub-CSR (“Start-up package, Once Only, and Liberalisation of business regulation”).

Table 4 | Austria: Implementation of sub-CSRs and reforms

			European Semester Assessment				European Semester Assessment				European Semester Assessment				European Semester Assessment
CSR	**Description**	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**
2019 3.4	Support productivity growth by stimulating digitalisation of businesses and company growth.		Some Progress				Some Progress				Some Progress	AT-C[C4]-R[4D7] AT-C[C4]-R[4D9]	AT-C[C4]-R[4D8]		Some Progress
2020 3.1	Ensure an effective implementation of liquidity and support measures, in particular for small and medium-sized enterprises.		Substantial Progress				Substantial Progress				Substantial Progress		AT-C[C4]-R[4D8]		Full Implementation
2020 3.2	Reduce administrative and regulatory burden.		Some Progress				Some Progress				Some Progress		AT-C[C4]-R[4D8]	AT-C[C2]-R[2C1] AT-C[C4]-R[4D11]	Substantial Progress
2020 3.4	Promote private investment to foster the economic recovery.		Some Progress				Some Progress				Some Progress				Some Progress

Source: ECA.

Abbreviations

CID	Council implementing decision
CSR	Country-specific recommendation
RRF	Recovery and Resilience Facility
RRP	Recovery and resilience plan
Sub-CSR	Part of a country-specific recommendation
SWD	Staff working document
TFEU	Treaty on the Functioning of the European Union

Glossary

Country-specific recommendation	Annual guidance which the Commission issues, as part of the European Semester, to individual member states on their macroeconomic, budgetary and structural policies.
European Semester	Annual cycle which provides a framework for coordinating the economic policies of EU member states and monitoring progress.
Milestone	Qualitative measure of a member state's progress completing a reform or investment in its recovery and resilience plan.
National recovery and resilience plan	Document setting out a member state's intended reforms and investments under the Recovery and Resilience Facility.
Post-assistance programme	Monitoring mechanism designed to ensure that a country remains on a stable financial path after receiving financial aid.
Recovery and Resilience Facility	The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic and stimulate recovery, and meet the challenges of a greener and more digital future.
Staff working document	Non-binding Commission document produced for discussion, either internally or outside the institution.
Target	Quantitative measure of a member state's progress completing a reform or investment in its recovery and resilience plan.

Replies of the Commission

https://www.eca.europa.eu/en/publications/sr-2025-21

Timeline

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Audit team

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This performance audit was carried out by Audit Chamber IV – Regulation of markets and competitive economy, headed by ECA Member Petri Sarvamaa. The audit was led by ECA Member Ivana Maletić, supported by Sandra Diering, Head of Private Office; Juan Ignacio Gonzalez Bastero, Principal Manager; Jacques Sciberras, Head of Task; Sorana Rotta, Valentina-Adriana Visan and Tiago Ribeiro, Auditors. Alexandra Damir-Binzaru provided graphical support and Irene Lopez Arranz provided secretarial support.

From left to right: Valentina-Adriana Visan, Jacques Sciberras, Sandra Diering, Ivana Maletić, Juan Ignacio Gonzalez Bastero, Irene Lopez Arranz, Tiago Ribeiro and Sorana Rotta.

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The €650 billion Recovery and Resilience Facility (RRF) was established in February 2021 in response to the COVID-19 pandemic.

We audited whether RRF measures, in particular reforms, address business environment challenges identified in the country-specific recommendations (CSRs) and achieved the expected results.

We found that the RRF partly addresses the business environment challenges with some structural issues remaining unaddressed. While the completed measures have achieved the agreed milestones and targets, so far only one third of them show significant results and contributed to the progress in CSR implementation.

We recommend that key challenges are sufficiently covered, a comprehensive framework is put in place to assess results and the contribution of the RRF measures to CSRs, and policy areas are clearly defined and consistently applied across different EU instruments and the European Semester.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.

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Publications Office of the European Union

EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/contact
Website: eca.europa.eu
Social media: @EUauditors