

## PRESS RELEASE

May 2024

### Report to the Flemish Parliament

#### *Progress of the Flemish Resilience Recovery Plan*

*In September 2020, Flemish Government drew up a Flemish recovery plan with 180 projects, with which it aims to absorb the consequences of the COVID-19 pandemic and build a more resilient Flanders. At the request of the Flemish Parliament, the Court of Audit has evaluated the information quality of the sixth progress report from the Flemish Government on the recovery plan implementation (PR 2023). That report reflected the status of implementation at the end of December 2023. The Court of Audit concludes that the PR 2023 reflects fairly well the state of affairs of the projects examined, but that further quality improvement must build on a better definition of milestones and output indicators, a clearer statement of target values and achievements, and a clear determination of how Flanders will fulfill its agreements with Europe.*

#### **Flemish recovery plan and European support**

To deal with the consequences of the COVID-19 pandemic and build a resilient Europe, the European Union set up a recovery fund in early 2021, from which Belgium initially could receive 5.9 billion euros in subsidies for its April 2021 National Recovery and Resilience Plan (NRRP). The NRRP initially included 55 Flemish projects, for which Flanders would receive almost 2.3 billion euros in support. In the meantime, Belgium will receive fewer resources from the recovery fund due to the rapid recovery of the economy. This reduces the Flemish share to 1.7 billion euros. In September 2020, Flemish Government proposed its own, broader Flemish recovery plan, with a total of 180 projects. One more project was added in 2022 as a result of the Ukraine crisis. Due to the reduction in European support, 15 of the 55 resilience projects will no longer receive European support and 9 projects will receive reduced support. Since Flemish Government will implement the Flemish resilience plan regardless of the amount of European support, Flanders will make up for the reduced European support itself. At the request of the Flemish Parliament, the Court of Audit evaluated the information that the Flemish Government provided in the PR 2023 at the end of 2023. It examined in more depth the progress information on 74 projects with an initial budget of 20 million euros and more.

#### **Completeness of the progress reporting**

Flemish Government has not adapted either its plan or its progress report to the amended NRRP. The PR 2023 provides little information about the extent to which the Flemish projects from the NRRP are on schedule. For example, the PR 2023 does not include a number of reforms to be achieved from the NRRP, and it does not indicate whether Flanders is on track to achieve the European goals and receive the associated financing.

### Evaluation of the performance information

Project, input, output and outcome descriptions virtually underwent no change in the projects examined more thoroughly by the Court of Audit. In its previous evaluation report, the Court of Audit also asked for the desired social, economic and ecological results in the short or medium term, but the PR 2023 did not bring any improvement in that area.

Progress description did improve, but for a number of projects the information remained inadequate. According to the PR 2023, approximately one fifth of the number of projects – especially projects with a more limited financial interest – have been completed. However, according to the Court of Audit, ten projects were prematurely labeled 'realized' and were actually still in progress.

The PR 2023 reports that by the end of 2023, almost 70% of the 1,753 milestones from the 181 project sheets had been achieved. At approximately 10% of the milestones (170), things would not go as planned. The quality of the milestones no longer improved substantially compared to the VGR 2022.

Reporting quality on the more than 400 output indicators did improve as compared to 2022, but target values are still missing for 7% of the indicators and no achievements were reported for 51 indicators (13%). According to the Court of Audit, the information remains inadequate for 18% of the indicators. Output indicators quality hardly improved.

Changed European subsidies and the adjusted NRRP have an impact on the maximum EU financing for the Flemish resilience plan. Agreements with the EU on new milestones, targets and indicators to be achieved in order to get European subsidies have not yet been finalized. The PR 2023 dealt with projects involved in different ways. For some it adopted these new milestones, targets and indicators with or without a reference to the RRF, for others it only partly adopted them, but for a lot of projects the PR 2023 did not even mention them.

The PR rightly indicates that 50 projects - often infrastructure projects - have at least one milestone with a delay. This also includes projects that are part of the Flemish NRRP participation and are therefore important for European (co)financing. For most milestones, the PR does indicate where delays occur, but it only indicates underlying causes for about half of them.

### Financial progress information

Through the initial 2021 budget, Flemish Government provided a one-off envelope of 4.3 billion euros for the Flemish Resilience Plan. In the budget years 2021, 2022 and 2023, Flanders has committed 1.7, 2.4 and 0.0 billion euros respectively from the recovery provision, and settled 0.3, 1.0 and 1.0 billion euros respectively. A balance of 182.8 million euros in commitment appropriations expired at the end of 2022.

As in the PR 2021 and 2022, the PR 2023 also lacked (financial) reporting on the 22 reform projects financed with Flemish regular resources. Neither the PR nor the policy and budget explanation sheets provide clear figures on this. Nor did the PR report on the projects financed with REPowerEU subsidies, which aim to make Europe independent of Russian oil and natural gas by 2030. These projects were not included in the original Flemish Resilience Recovery plan. For Flanders this amounts to 208 million euros.

PR 2023 financial figures on the implementation of the recovery projects correspond with the accounting, but are still incomplete: a more recent financial monitoring report shows 146 million euros (18%) more charges for recovery. Transactions charged to the recovery projects also include all expenditure (and receipts) related to these projects.

The PR 2023 contains some key financial figures about the recovery projects, such as total policy space and recorded commitments and settlements. It also indicates how recovery

projects are financed (with European RRF resources, Brexit resources or the Flemish government's own resources). However, these key figures must be interpreted with caution, as the recovery projects differ greatly in nature and impact on the economic result, the progress balance or the debt position. The PR only presents the implementation data cumulatively, and not on an annual basis, which complicates comparison with the budget and accounts data.

### **Response from the Flemish Government**

Flemish Government responded on April 17, 2024 that reporting on the implementation of the Flemish Resilience Plan remains a labour-intensive and important learning process, and that the recommendations and comments of the Court of Audit will be taken into consideration. Government emphasized that the work of the administrations has once again brought significant progress in the percentage of settlements, milestones achieved, projects and output, and that this kind of monitoring can serve as a model for the follow-up of Flemish government policy.

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### **Information for the press**

The Court of Audit exerts an external control on the financial operations of the Federal State, the Communities, the Regions and the provinces. It contributes to improving public governance by transmitting to the parliamentary assemblies, to the managers and to the audited services any useful and reliable information resulting from a contradictory examination. As a collateral body of the Parliament, the Court performs its missions independently of the authorities it controls.

The audit report on the *Progress of the Flemish Resilience Recovery Plan* has been sent to the Flemish Parliament. The full version and this press release can be found on the Court's website: [www.courtofaudit.be](http://www.courtofaudit.be).