



**RESOLUTION (EU) 2025/1594 OF THE EUROPEAN PARLIAMENT**

**of 7 May 2025**

**with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies, and the ninth, tenth and eleventh European Development Funds**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission,
- having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2023,
- having regard to Rule 101 of and Annex V to its Rules of Procedure,
- having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
- having regard to the letter from the Committee on Agriculture and Rural Development,
- having regard to the report of the Committee on Budgetary Control (A10-0074/2025),
- A. whereas the eleventh EDF has reached its final stage as its sunset clause came into effect on 31 December 2020; whereas, however, specific contracts for existing financing agreements were signed until 31 December 2023, and the implementation of the ongoing projects funded by the EDF will continue until their final completion;
- B. whereas the ninth, tenth and eleventh <sup>(1)</sup> EDFs were not incorporated into the Union general budget and continue to be implemented and reported on separately until their closure;
- C. whereas, for the 2021-2027 MFF, development cooperation aid to ACP countries is integrated in the Neighbourhood, Development and International Cooperation Instrument – Global Europe ('NDICI-Global Europe') as part of the EU general budget, and development cooperation aid to OCTs, including Greenland, has been incorporated into the Decision on the Overseas Association;
- D. whereas the EDFs are managed almost entirely by the Commission's Directorate-General for International Partnerships with a small proportion (7 %) of the 2023 EDF expenditure being managed by the Directorate-General for Neighbourhood and Enlargement Negotiations;

**Political priorities**

1. Underlines its strong commitment to the Union's fundamental values and principles which are enshrined in the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU); in the framework of the discharge process, stresses especially the principles of sound financial management as set out in Article 317 TFEU and the combatting of fraud and protection of the financial interests of the Union as set out in Article 325 TFEU;
2. Underlines the importance of the principle of separation of powers in the Union and recalls that according to the Treaty, the institutions shall practice mutual sincere cooperation; believes that under no circumstances the actions of one Union institution should affect the independence of another institution; urges all other institutions to respect the role of the Parliament as the sole Union institution directly elected by the citizens and to refrain from any undue, direct or indirect interference in its legislative processes, thereby ensuring that Parliament's decision making process remains free and independent from other Union institutions or any other entities;
3. Highlights the importance of the Union budget for achieving the Union's political priorities, as well as its role in assisting Member States in unforeseen situations such as international conflicts or crises and their consequences; points out in this regard the continuing relevance of investments and support from the Union budget for reducing disparities between Member States and regions, for promoting economic growth and employment, for combating poverty and social exclusion, and thus for improving the daily life of European citizens;

<sup>(1)</sup> The 11th EDF covers the 2021-2027 MFF.

4. Notes that the Court of Auditors (the Court) for the financial year 2023 has issued a clean opinion concerning the reliability of the accounts and the legality and regularity of revenue; at the same time, regrets that the Court has had to issue for the 5th consecutive year an adverse opinion on the legality and regularity of Union budget expenditure and a qualified opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility (RRF);
5. Expresses its deep concerns that the overall error rate estimated by the Court has been on a rising trend since the financial year 2020 and has reached 5,6 % for the financial year 2023; notes that there are significant differences in the error rates between headings which range from spending areas with error rates below the materiality threshold of 2 % up to an error rate of 9,3 % in the case of cohesion policy; further notes that discharge is a political process where all issues related to a specific financial year may be taken into consideration and that the decision on whether to grant or refuse discharge should remain factual and anchored in the Union *acquis*, and that it is taken for the budget as a whole; urges the Commission, finally, to take into account the Court's recommendations and to reduce the overall error rate over the coming years; further asks the Commission to present an action plan within the four months on reducing the error rate;
6. Is concerned that the Commission and the Court have different interpretations of what the 'error rate' represents, thus generating confusion; expresses its support for a common audit approach and methodology and strongly calls on both institutions to find a solution to the divergent approaches before the 2024 discharge; is concerned that the Commission is systematically underestimating the existing error level and that this could lead to an ineffective protection of the financial interests of the Union;
7. Expresses again its deep its concern that the accumulated outstanding commitments (RAL – *reste à liquider*) have reached a record level of EUR 543 billion, equivalent to 3,2 % of the total GDP of the Union at the end of 2023 and representing more than double the Union annual budget for 2023; underlines that such a record high level of outstanding commitments risks creating challenges for the future smooth implementation of extraordinary high levels of payments and/or leading to significant decommitments to the detriment of the implementation of Union policy objectives;
8. Further expresses its concern that the outstanding debt from borrowing has reached EUR 458,5 billion, equivalent to 2,7 % of the total GDP of the Union at the end of 2023; notes that the increase in outstanding debt during 2023, equivalent to EUR 110,5 billion, has made the Union one of the largest debt issuers in Europe; further notes that the amount of outstanding debt is projected to increase further during the coming years, especially due to increased borrowing linked to the RRF and financial assistance to a number of countries including Ukraine which is the victim of a war of aggression by Russia; reiterates its deep concerns that the increase in debt makes the Union budget more vulnerable to increases in interest rates since a part of the debt will have to be serviced and repaid by the Union budget;
9. Recalls the importance of a strict application of the financial rules of the Union in all programmes and on all beneficiaries, in order to avoid all forms of fraud, conflicts of interest, corruption, double funding and money laundering;
10. Underlines the importance of the rule of law as one of the fundamental values of the Union and stresses that the Rule of Law Conditionality Mechanism is crucial in order to ensure that Member States continue to respect the principles of the rule of law; reiterates its deep concerns about the deteriorating rule of law situation in certain Member States including attacks or restrictions to the activities of civil society organisations, which not only poses a significant threat to democratic values but also leads to an increased risk of financial losses for the Union budget; calls for the provision of adequate support to civil society organisations active in the field; acknowledges the emergence of new forms of rule of law violations by national governments and calls on the Commission to address these evolving challenges; calls on the Commission to ensure strict and fast implementation of all elements of the mechanism when Member States breach the principles of the rule of law where such breaches affect, or risk affecting, the financial interests of the Union; at the same time, underlines the need for complete and timely information on decisions related to the implementation of the Rule of Law Conditionality Mechanism; encourages the Commission to explicitly assess when shortcomings in the rule of law are of a systemic nature; calls for a stronger emphasis on the implementation of country-specific recommendations, coupled with effective follow-up mechanisms and measurable benchmarks; proposes the establishment of a comprehensive rule of law monitoring framework involving all Union institutions, Member States, and candidate countries, aimed at ensuring coherence and uniformity across the Union, while at the same time ensuring a fair and impartial application; calls on the Commission to propose measures to ensure the protection of final beneficiaries in cases of breaches of the rule of law by national governments without undermining the application and effectiveness of the regulation;

11. Takes note of the innovative nature of the RRF and its contribution to supporting Member States in recovering from the economic and social consequences of the pandemic and creating a more resilient European economy; is of the opinion that any shift to a performance-based approach based on the RRF as a model requires addressing the many issues identified in its implementation, as well as assessing data on its full impact, before using such a model; recalls the many problems identified in the implementation of the RRF which would need to be addressed, including, but not limited to: the lack of adequate consultation of the regional and local authorities and other relevant stakeholders, such as social partners and civil society organisations and the lack of their involvement in the implementation; the weak cross border dimension, which may hint to a reduced EU added value in that respect; the lack of a clear definition of the milestones and targets and their satisfactorily fulfilment; the insufficient flexibility; the common debt with long-term debt payment as a consequence; the serious transparency, audit and control problems of the program which make it impossible for the citizens to be informed about the final beneficiaries of actions funded by the Union and pushes Member States to use RRF funds to cover projects very similar to those financed by Cohesion funds but with a much more limited capacity of control; reiterates the concern about the interpretation of the Commission and Member States on what a 'final recipient' of RRF funding represents, which is not in line with the agreement of the REPowerEU negotiations and maintains that ministries, public authorities or other contracting authorities cannot be listed as final recipients of RRF funding; further expresses concern about the findings of the Court in relation to the risk of double funding and financing of recurring budgetary expenditure which are not in line with the RRF legal basis;
12. Notes that the set-up of the NGEU mechanism implies that the repayment of NGEU loans must start before the end of 2027 and be completed by 2058 at the latest; is concerned that the increase in interest rates over the last years has increased the borrowing costs under the NGEU significantly compared with original estimates; reiterates the need to fully respect the timeline of the legally binding roadmap for the introduction of new own resources and underlines that swift progress on new own resources is essential to repay NGEU and safeguard the current and future MFFs;
13. Stresses the urgent need for significant de-bureaucratisation, streamlining and simplification of all Union policies and their funding in line with the recommendations in the Draghi report <sup>(2)</sup> in order to ease the burdens for European businesses and increase European competitiveness, while ensuring the protection of the financial interests of the Union; underlines that simplification will also have a positive effect on error rates in the implementation of policies because many errors happen because of overcomplicated rules which are difficult to navigate, especially for small and medium-sized enterprises (SMEs), new applicants, spin-offs and start-ups;
14. Reiterates the need to balance the further simplification of rules and procedures with much more systematic use of digitalised reporting, better and more robust controls and adequate *ex post* checks on the most repeated areas of irregular spending that do not add excessive bureaucratic complexity for beneficiaries, develop training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders; reminds that a robust control system under the responsibility of the Commission is particularly needed for the RRF;
15. Stresses the need and highlights the importance of the NDICI programme for the support to global challenges, the promotion of human rights, freedoms and democracy; underlines the importance of reinforcing the Eastern Neighbourhood line in order to support political, economic and social reforms in this challenged region;
16. Underlines that it is imperative for the credibility of the Union that the Commission ensures that no Union funds are allocated to individuals or organisations linked to any kind of terrorist movements or any other movement expressing extremist views, inciting violence and/or hatred, that are directly in opposition to the European Union's fundamental values, including Islamist anti-Semitic, anti-Christian and anti-Islamic movements; in this context, recalls that there have been allegations that 19 of 13 000 UNRWA employees in Gaza were involved in the despicable terrorist attacks by Hamas against Israel on 7 October; recalls that in 9 cases their employment was formally terminated in the interests of UNRWA; takes note of the results of the investigation launched by the UN Office of Internal Oversight Services (OIOS); underlines that the Commission should also establish better controls ensuring that no such funding happens indirectly through third parties and organise better traceability of Union funds to final beneficiaries;

<sup>(2)</sup> 'The future of European competitiveness', 9 September 2024.

17. Reiterates deep concerns about the increase in the exploitation of Union funds against Union principles and values, especially when the use of funds and transfers to other organisations are not entirely traceable; warns of the danger of Union funds ultimately being used within corrupt circles and being subject to fraud and irregularities, foreign interference or entrisism; emphasises the importance of 'final beneficiary transparency' for Union funds;
18. Emphasises the importance of maintaining institutional integrity and preventing potential foreign interference; condemns any improper attempt to influence the legislative activities of the European Parliament; insists on the responsibility of the European Anti-Fraud Office (OLAF) to conduct all necessary in-depth investigations; stresses the importance of the work carried out by the European Public Prosecutor's Office (EPPO) in protecting the European Union's financial interests; insists to provide to the EPPO adequate financial and human resources; recalls the Agreement establishing an interinstitutional body for ethical standards for members of institutions and advisory bodies referred to in Article 13 of the Treaty on European Union, and insist on its swift implementation in all EU institutions;
19. Recalls the crucial role of civil society organisations (CSOs), including NGOs, in upholding democratic values to support a vibrant and lively democratic society, ensuring a sound basis for broad coverage of all relevant views in different debates and highlights that CSOs may receive support from Union funds to exercise these functions, as provided in Article 11 of the Treaty on European Union;
20. Notes that there have been allegations from some Members of the Budgetary Control committee that grant agreements, concluded by the Commission included detailed lobbying activities which could be interpreted as potentially interfering with internal decision-making in the Union institutions; notes that the Commission took a series of measures to address the allegations by adopting guidance on funding for activities related to the development, implementation, monitoring and enforcement of Union legislation and policy, stating that while such grant agreements did not breach the EU legal framework, they could potentially entail a reputational risk for the Union; notes that all grant agreements include a disclaimer stating that 'views of the beneficiary do not in any way represent views of the EU and that granting authority cannot be held responsible for them'; notes that such a disclaimer was further added in the 2024 call for proposals for operation grants;
21. Notes that a screening of grant agreements in all portfolios to verify their alignment with the new guidance is ongoing and that, so far, the Commission has not communicated to the Parliament the full results of the screening nor other measures that the Commission might take, if necessary; calls the Commission to keep the discharge authority informed at all times; emphasises that transparency in stakeholder meetings is fundamental to democratic integrity and should apply equally to all entities engaging with Union institutions; stresses that clear documentation and disclosure of such interactions strengthens public trust and democratic accountability;
22. Recalls that EU funding requires stringent accountability and transparency standards; in line with the ECA recommendations in the Special Report 05/2024<sup>(3)</sup> and the recent Special Report 11/2025<sup>(4)</sup>, urges the Commission to ensure that the information disclosed in the Financial Transparency System is frequently updated, reliable, comparable and useful; stresses the need to allocate additional resources to the EUTR Secretariat to enable a systematic and thorough monitoring of the Transparency Register; this should include allocating resources towards AI implementation to develop an AI-based search mechanism; recalls the need to proactively check that all entities beneficiaries of EU funds respect EU values;
23. Welcomes the reply of Commissioner Serafin to the written question<sup>(5)</sup>, once again confirming EU funding was granted and used by NGOs in full respect of EU Treaties and LIFE Regulation<sup>(6)</sup>; takes further note of the recent ECA Special Report on transparency of EU funding granted to NGOs<sup>(7)</sup>, which, while stating that the use of EU funding for NGO advocacy is legal, also confirms it is in line with EU's legal transparency requirements as laid down

<sup>(3)</sup> Special Report 05/2024: EU Transparency Register – provides useful but limited information on lobbying activities.

<sup>(4)</sup> Special Report 11/2025 Transparency of EU funding granted to NGOs – despite progress, the overview is still not reliable.

<sup>(5)</sup> [https://www.europarl.europa.eu/doceo/document/P-10-2025-000595-ASW\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/P-10-2025-000595-ASW_EN.pdf).

<sup>(6)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0783>.

<sup>(7)</sup> [https://www.europarl.europa.eu/doceo/document/P-10-2025-000595-ASW\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/P-10-2025-000595-ASW_EN.pdf).

in the EU Financial Regulation; at the same time ECA Special Report 11/2025 points to the fact that more should be done to improve transparency of EU funding received by all beneficiaries; calls in this regard on the Commission to implement ECA recommendations regarding screening of self-declarations in the EU's Financial Transparency System, as well as proactive monitoring of the respect to EU fundamental values and principles by the beneficiaries;

24. Welcomes the entry into force of the recast of the Financial Regulation; welcomes, in particular, the enhancements related to tracking Union funds through digital tools and interoperability that will bolster the protection of the Union Financial Interests, the targeted extension of the Early Detection and Exclusion System (EDES) to shared management following MFF 2027, the reference to the Rule of Law Conditionality Mechanism and the introduction of a conditionality based on Union values as enshrined in Article 2 TEU, as well as the opportunity to streamline SMEs and individual applicants with the introduction of very low-value grants;

## CHAPTER I

### **Multi-annual Financial Framework (MFF)**

#### **The European Court of Auditors' statement of assurance and budgetary and financial management**

##### *Reliability of the accounts*

25. Welcomes the Court's conclusion in its annual report on the implementation of the budget for the financial year 2023 <sup>(8)</sup>, that the consolidated accounts of the European Union for that year are reliable; notes that the Court has issued a clean opinion on the reliability of the accounts every year since 2007;
26. Notes that on 31 December 2023, total liabilities amounted to EUR 679,9 billion, and total assets amounted to EUR 467,7 billion; notes that the difference of EUR 212,2 billion represents the negative net assets, comprising debt and the portion of expenses already incurred by the Union up to 31 December 2023 that must be funded by future budgets;
27. Notes that at the end of 2023, the estimated value of incurred but not yet claimed eligible expenses due to beneficiaries, recorded as accrued expenses, was EUR 155,2 billion (2021: EUR 148,7 billion), of which EUR 7,4 billion is related to accrued RRF expenditure;
28. Welcomes the Court's conclusion that the assets, liabilities, revenue and expenses, including those related to NextGenerationEU (NGEU), the estimate related to the UK's withdrawal process, and the impact of Russia's war of aggression against Ukraine, are presented fairly in the consolidated annual accounts;

##### *Legality and regularity of Union revenue*

29. Notes the Court's conclusion that the Union's revenue is free from material error and that the managing systems examined by the Court were generally effective;

##### *Legality and regularity of Union expenditure*

30. Strongly regrets the adverse opinion on the legality and regularity of the Union budget expenditure issued by the Court for the fifth year in a row; considers this increasingly problematic, as the Commission seems unable, or unwilling, to identify the cause and address the underlying issues; regrets the Commission is not accepting some recommendations of the Court of Auditors; notes in particular the importance of reinforcement of financial management of the Commission and Member States, that is considered as not reliable by the Court and therefore compromises the reliability of the Annual Management and Performance Report; calls on the Commission to present a clear action plan on reducing the error rate within the following four months; stresses that Parliament shall duly scrutinise such an action plan;

<sup>(8)</sup> OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

31. Is seriously concerned by the Court's estimation of the error level of 5,6 % in 2023 expenditure; notes that this is an accelerated deterioration compared to the previous two years (4,2 % in 2022 and 3,0 % in 2021); notes with concern that the Court continues to detect substantial issues in reimbursement-based expenditure where the estimated level of error is 7,9 %; notes that the effect of the errors found by the Court is estimated to be both material and pervasive; calls for the Commission's financial management to be tightened up, in accordance with the recommendations made by the Court in its annual reports and special reports, in order to resolutely tackle the high error rate over the next few years; underlines the Court's warning that the increasing European debt is placing growing pressure on the Union budget;
32. Notes that the Commission in its Annual Management and Performance Report categorises the expenditure into higher, medium and lower risk categories, in order to focus action on high-risk areas; while the Court uses only two risk categories in order to produce an opinion on the legality and regularity of the expenditures; is worried that the Court's work revealed limitations in the Commission's *ex post* work, which, taken together, affect the robustness of the Commission's risk assessment; notes with concern that one of the areas most impacted was 'Cohesion, resilience and values', where the Court assessed the majority of the spending to be high risk, while the Commission classified only a minority in this way;
33. Reiterates the concerns about the Court observation that the Commission's risk assessment is likely to underestimate the level of risk in several areas; is also worried by recurrent weaknesses identified by the Court in Member States' management and control systems, which are still not still preventing or detecting irregularities in Heading 2, thus limiting the reliance that can be placed on their work, while the Commission's error rates do still rely on these national systems, which do not work effectively;
34. Notes that the increase is primarily caused by the estimated level of error under MFF Heading 2 – cohesion, resilience and values, where the Court found 9,3 % of expenditure to be in breach of Union rules and regulations; recalls the underlying issues that are reported by the Court and that have been known for several years;
35. Underlines that the estimated level of error in the Union's expenditure, as presented in the Court's statement of assurance, is an estimate of the money that should not have been paid out because it was not used in accordance with the applicable rules and regulations; considers that, though not an indicator of fraud or corruption, the estimated level of error represents expenditure where corrective actions are necessary, and thus shows a wasteful use of resources; regrets that, while being a problem in itself, this will also give a negative impression to citizens, and may even call into question the Commission's ability to effectively protect the Union's financial interests;
36. Notes with concern that the Commission's own estimate of the risk at payment is only 1,9 % for 2023 and has been at that level since 2020; notes that the Commission estimates its capacity to correct and recover irregular expenditure during implementation of the associated programmes at 1,0 %, resulting in a risk at closure of 0,9 %; is concerned that again for this year the Commission's risk at payment is not only below the Court estimated level of error of 5,6 % but also below the Court range, which is between 4,4 % and 6,8 %; highlights that the divergence between the Court's overall error rate and the Commission's risk at payment is also evident in some of the specific spending areas, in particular in Heading 2, even more than in the past; welcomes the Court's estimate of the level of error as an important indicator for the existing risks;
37. Notes the multi-annual perspective of the Commission's risk at closure, as corrections and recoveries after year-end are not reflected in the Court's estimate of the level of error; regrets, however, the confusion caused by the Commission's presentation of the risk at payment;
38. Recalls the positions expressed in the 2022 discharge resolution and the exchanges of views in the discharge hearings for the financial year 2023 on the diverging methodologies and estimates between the Court and the Commission of errors made in Union expenditure; notes in particular that the Court's error rate is based on a statistical sample, whereas the Commission's risk at payment is to a large extent compiled from the error rates reported by national auditing authorities in Member States and calculated only after corrections and repayments; reminds that the Court's error rate includes the errors that remained undetected by the Member States and the Commission, which demonstrates that the Commission's error rates are an underestimation; notes with concern an

even wider gap between the Court's and Commission's estimates; further notes that the Commission and the Court are organising joint workshops on this issue; notes that the Court recently aligned its methodology on procurement in the decentralised agencies with the methodology of the Commission; reiterates its support for the independent audit approach and methodology of the Court and invites the Commission to cooperate with the Court with a view to increasing harmonisation and providing for more comparable estimates of the level of error;

39. Recalls that the discharge authority needs a statement of assurance, provided by the Court, on the reliability of the accounts and the legality and regularity of the underlying transactions at year-end for its decision on discharge for that year; notes that Union spending programmes are multiannual and that their management and control systems cover multiple years, allowing for corrections and recoveries after year-end;
40. Recalls that the Commission is responsible for preventing and detecting fraud; notes that the Court, in the exercise of its mandate, is obliged to report any cases of irregularity; notes that the Court forwards to the EPPO suspicions of criminal offences falling under its competences and to OLAF suspicions of fraud, corruption or other illegal activity affecting the Union's financial interests; notes that, in 2023, the Court reported 20 cases of suspected fraud to OLAF, and in parallel reported 12 of these cases to the EPPO, resulting so far in four OLAF investigations and nine EPPO investigations; commends the Court for its reporting of cases of irregularity to OLAF and the EPPO, as information resulting from audit engagements usually has a high degree of reliability; reminds in this framework of the key role played by the whole Union's anti-fraud architecture and expresses some concerns about the refusal of some Member States to cooperate with one of its elements, the EPPO;

#### *Budgetary and financial management*

41. Notes that in 2023, 98,9 % of the available commitment appropriations were used (EUR 184,4 billion out of EUR 186,5 billion); notes that the available appropriations were higher than the MFF ceiling of EUR 182,7 billion due to the use of special instruments for new or unforeseen events; notes that 90,0 % of payment appropriations were used (EUR 162,0 billion of EUR 165,2 billion available);
42. Notes with concern that the total outstanding commitments, which represent future debts if not decommitted, reached an all-time high of EUR 543 billion (2022: EUR 450 billion); notes that the Commission foresees a decrease from 2025 to 2029 when committed amounts for both NGEU and the 2021-2027 programming period should be paid out; notes however that the actual amounts for 2023 (EUR 543 billion) are much higher than the forecasted amount (EUR 490 billion), calling the Commission's estimates into question;
43. Recalls that the time available for implementing shared management funds under the 2021-2027 MFF is shorter than under previous MFFs because of the n+2 for the last year, which, coupled with the high RAL, will raise the risk of decommitments; notes the Court's observation that the Commission has increased its forecasted amount of decommitments from EUR 7,6 billion for 2023-2027, to EUR 8,1 billion for 2024-2027 to EUR 8,8 billion for 2025-2027, a 15 % increase in 2 years; underlines with concern that the Commission has underestimated its projections for the RAL in the last two years, and that the Commission therefore likely underestimates the amount of decommitments that will be made until 2027; notes the introduction of the 'cascade mechanism' following the mid-term review of the MFF 2021-2027 and the incentive to use decommitted amounts to cover increased interest costs for amounts borrowed by the Commission for NGEU;
44. Notes that the latest long-term payment forecast produced by the Commission foresees substantial decommitments as of 2027 unless Member States undertake additional efforts and implement at a much faster pace than in the period 2014-2020; notes that for the CF, ERDF, and ESF+ cohesion policy funds, the Commission forecast total decommitments for 2024-2027 at EUR 2,2 billion, more than five times its 2022 forecast of EUR 0,4 billion; warns that for the Just Transition Fund (JTF), the low implementation in 2023 puts important amounts at risk from 2025 onwards; calls on the Commission and on the Member States to use all of the available possibilities to avoid decommitments;

45. Notes with concern that Union debt increased from EUR 344,3 billion in 2022 to EUR 458,5 billion in 2023, 60 % of which is related to NGEU; notes that only for the debt issued for NGEU, associated interest costs need to be paid directly from the Union Budget and that, due to increased interest rates, these costs for the current MFF (until the end of 2027) are estimated to be between EUR 17 billion and EUR 27 billion higher than the initially forecasted EUR 14,9 billion;
46. Notes with concern that the total exposure of the Union budget because of guarantees and contingent liabilities for loans rose to EUR 298,0 billion; notes that assumptions on capital-market interest should be made conservatively, both for existing debt and new debt and that for both categories a viable plan for its repayment is necessary; notes that the Court received information from the Commission that indicates that the exposure will steadily increase in the coming years, putting additional pressure on the headroom of the budget and further reducing the flexibility of the Union budget; supports the Court recommendations to the Commission to act more proactively to ensure that its mitigating tools (such as the Common Provisioning Fund) have sufficient capacity as well as to provide more transparent reporting on total annual budget exposure, making its estimate public;
47. Notes with concern that the Court in its Special Report 07/2024 <sup>(9)</sup> observed that a significant share of recovery orders issued between 2014 and 2022 were still outstanding at the time of their audit; further notes that the Commission, in its replies to the Parliament's Committee on Budgetary Control's (CONT Committee) written questions for the 2023 discharge, mentioned that there are 1 357 overdue recovery orders for a total outstanding amount of approximately EUR 335 million for the period 2014-2023; calls on the Commission to prioritise collecting monies under overdue recovery orders and to keep the Committee on Budgetary Control informed about progress made;
48. Highlights that equality is a founding value of the Union and is enshrined in the Charter of Fundamental Rights of the European Union; recalls the commitment of the Union to gender mainstreaming in its policy-making and implementation of Union funds, including gender budgeting; encourages the Commission to continue the efforts made in gender budgeting and in tracking the impact of the Union budget to foster gender equality; recalls the obligation of the Commission to accompany all legislative proposals with an impact assessment when they are projected to have a significant economic, social, and environmental impact in order to guarantee, among other things, fair distribution of funds;
49. Notes that the review of the Interinstitutional Agreement on the Transparency Register is due by July 2025; calls on the Commission to ensure that the process is as open as possible, to align financial reporting requirements across all categories of registrants (including funding sources and lobbying budgets), addressing also the risk identified in the Court's Special Report on the EU Transparency Register (Special Report 05/2024) regarding self-declarations on the category of interest representation; believes that, in order to address the recommendations of the Court, the resources of the secretariat of the Transparency Register should be increased;
50. Recalls the following findings of the Court of Auditors' Special Report 11/2025: (i) that the identification and registration of entities as NGOs are not always consistent and reliable; (ii) that despite a more streamlined granting process, issues with the completeness and accuracy of data remain; (iii) that the lack of a reliable overview of Union spending on NGOs hampers useful analysis; (iv) that the calls for proposals in the Court's sample were transparent; (v) that respect for Union values is not pro-actively verified; and (vi) that transparency practices vary widely in the Court's sample, with larger NGOs performing better. calls on the Commission to fully implement the recommendations in the Court's Special Report;

#### *Recommendations*

51. Strongly supports the recommendations of the Court in its annual report on the implementation of the budget for the financial year 2023 (annual report for the 2023 financial year) <sup>(10)</sup> as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;

<sup>(9)</sup> ECA Special Report 07/2024: The Commission's systems for recovering irregular EU expenditure – Potential to recover more and faster.

<sup>(10)</sup> OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.



52. Calls on the Court to look for ways, together with the Commission, to align their methodologies for the general budget, as in the case of procurement for the decentralised agencies, while respecting the different roles;
53. Calls on the Commission, in particular, to:
  - (i) continue to engage with the Court in order to increase understanding, convergence and comparability of the two approaches to the diverging estimates of errors in Union expenditure;
  - (ii) qualify the impact of corrective measures on the overall level of error;
  - (iii) look for ways, together with the Court, to align their methodologies as regards the evaluation of procurement errors, and the estimation of the level of error for the general budget, as in the case of procurement for the decentralised agencies, while respecting the different roles;
  - (iv) present the discharge authority with a strategy to strengthen the use of funds for their intended purpose, increase absorption and prevent decommitments in order to maximise the EU added value of the Union Budget;
  - (v) increase the reliability of the forecast of the outstanding commitments with a more realistic estimate of the absorption of Union funds to give the discharge authority a better forecast of the development of the RAL over the years and better protect the Union budget;
  - (vi) report on, and provide sufficient measures to, protecting the Union budget from the different risks identified beyond the RAL, such as decommitments in cohesion policy, the increasing debt, increased budget exposure and the impact of increasing inflation;
  - (vii) provide more transparent reporting on total annual budget exposure by presenting, in the Annual Management and Performance Report, a multi-annual outlook on the exposure of the Union Budget to budgetary guarantees;
  - (viii) substantially simplify rules and procedures and improve the assistance to, and ensure consistent and user-friendly guidelines for SMEs, new applicants, spin-offs, start-ups, administration and payment agencies, CSOs and all other relevant stakeholders, without compromising the quality of the controls;
  - (ix) make sure that the mitigation tools in place have sufficient capacity to effectively face the exposure risks of the Union budget;
  - (x) boost efforts to improve transparency in the use of funds, including as regards information on final beneficiaries, including on the funds that are allocated for the preparation of policy and legislative proposals;
  - (xi) put in place all necessary means for ensuring that all interest representatives that approach Union institutions are registered in the Transparency Register; further asks the Commission to set up an effective mechanism to ensure that entities funded by the Union in the Transparency Register are aligned with Union values and demand full transparency on their financing, providing a deeper insight into the financing of all entities registered and which should be the condition to approach all Union institutions, bodies and agencies;
  - (xii) together with Parliament and Council, guarantee adequate resources for the secretariat of the Transparency Register in order to ensure that the entries on the lobbying activities of all interest representatives can be checked for accuracy and that lobbying become more transparent as requested in the Court in Special Report 05/2024 on the EU Transparency Register; calls on the Commission to allocate adequate resources to identify irregularities to guarantee a wide range of search capabilities;
  - (xiii) require interest representatives in the Transparency Register to list their financial supporters by self-declaring that they are only representing their interests or the collective interests of their members and to propose an amendment to Annex II to the Interinstitutional Agreement of 20 May 2021 to require them to list their financial supporters in the EU Transparency Register, even if they state in that register that they are only representing the interests of their own members; urges entities already registered that have not listed their financial resources by self-declaration to declare them voluntarily before the interinstitutional agreement is amended;
  - (xiv) continue to support Member States in improving both the quality and the quantity of checks and to share best practices in the fight against fraud and corruption;

- (xv) address the situation regarding late recovery orders and to take all necessary measures to recover the majority of the amount outstanding for the period 2014-2023, including implementation of corporate escalation mechanisms, and keep the discharge authority informed on the progress made in recovering the sums;
- (xvi) reinforce the capacity of the Anti-fraud Architecture of the Union, including the provision of sufficient financial and human resources, and facilitate the cooperation between them;

## Revenue

54. Welcomes that for 2023, the Court is also able to issue a clean opinion on the legality and regularity of revenue; at the same time, stresses that the problems with customs duties not being declared or being incorrectly declared (a customs gap) leading to a shortfall in collected import duties has been a persistent problem for many years and could potentially entail a loss of traditional own resources for the Union and for the Member States;
55. Notes with serious concern that the Court has examined the implementation of the Commission's Customs Action Plan, which has the potential to lead to a significant reduction of the customs gap, and has again identified insufficient progress in the implementation of some actions from this plan; notes that the Commission, as part of this plan, proposed a customs reform in May 2023 <sup>(1)</sup>, including the establishment of the EU Customs Authority and EU Customs Data Hub;
56. Recalls that the Court has highlighted the risks to the EU's financial interests from inadequate or ineffective customs controls of imported goods; commends the efforts made by OLAF on the fight against Fraud linked to customs duties and VAT; underlines the rise of the ecommerce and the online platforms risks due to potential security and safety threats and risk of non-compliance with EU taxation and customs rules, product standards, intellectual property rights, prohibitions and restrictions;
57. Notes with concern that the Court revealed that the Commission did not charge late interest payments for six cases related to late corrections to GNI data by Member States where the Commission has expressed reservations; agrees with the Court that the Commission, as a matter of principle, ought to charge late interest payments in such cases in order to create an incentive for Member States to address the reservations within the deadlines;
58. Notes with satisfaction that the new own resource based on non-recycled plastic packaging waste generated by Member States in 2023 amounted to EUR 7,2 billion, equivalent to 4,0 % of the EU's total revenue; further notes that the Court identified <sup>(2)</sup> some problems related to the reliability and comparability of data; stresses that it provides an excellent example of a new own resource, as it creates positive incentives for Member States to reduce the volume of non-recycled plastic packaging while at the same time generating a new revenue stream for the Union;
59. Stresses that the Commission's proposals concerning new own resources from 2021 comprising three elements, the first based on revenues from emissions trading (ETS), the second drawing on the resources generated by the Union's carbon border adjustment mechanism, and the third based on the share of residual profits from multinationals that will be re-allocated to Member States under the OECD/G20 agreement on a re-allocation of taxing rights ('Pillar One') are obvious candidates for such new resources; at the same time, points out that other sources might also be considered if they should prove to be easier for Member States to approve; welcomes other initiatives that may lead to new own resources for the Union budget;
60. Calls on the Commission, in particular, to:
  - (i) increase focus and pressure on the implementation of the Customs Action Plan and not least the proposal for a significant customs reform from May 2023, including the establishment of the EU Customs Authority and EU Customs Data Hub; ensure that Member States implement effective, proportionate and dissuasive penalties for non-compliance with reporting obligations; initiate infringement proceedings in those cases where there is sufficient evidence that Member States are implementing a manifestly inadequate penalty system for breaches of the Directive on Administrative Cooperation 6 <sup>(3)</sup> (DAC 6);

<sup>(1)</sup> COM(2023) 258.

<sup>(2)</sup> ECA Special Report 16/2024: EU revenue based on non-recycled plastic packaging waste – A challenging start hindered by data that is not sufficiently comparable or reliable.

<sup>(3)</sup> Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (OJ L 139, 5.6.2018, p. 1, ELI: <http://data.europa.eu/eli/dir/2018/822/oj>).

- (ii) insist on the importance of intensifying and diversifying the International customs cooperation with trade partners and stresses the need to strengthen the fight against cross-border tax and customs fraud in the context of the expansion of e-commerce;
- (iii) create incentives for Member States to address reservations related to corrections of GNI data by Member States within the deadlines by charging late interest payments;
- (iv) continue work towards the introduction of additional new own resources;

### **Single market, Innovation and Digital**

61. Notes that the budget for the programmes under MFF Heading 1 'Single Market, Innovation and Digital' was EUR 25,3 billion (13,2 % of the Union budget) distributed as follows: EUR 15,3 billion (60,5 %) for Research, EUR 4,1 billion (16,1 %) for Transport, Energy and Digital, EUR 2,3 billion (9,1 %) for the InvestEU Programme, EUR 2,2 billion (8,7 %) for Space, and EUR 1,4 billion (5,6 %) for other areas;
62. Notes that the Court has examined 127 transactions covering the full range of spending under this MFF heading, notably the Horizon 2020 programme (90 transactions), Horizon Europe (7 transactions), the Connecting Europe Facility (CEF), space programmes and financial instruments, and also that it has reviewed the European Climate, Infrastructure and Environment Executive Agency's (CINEA) *ex ante* control system for CEF grants in the transport and energy sectors and the regularity information given in the annual activity reports of the Directorate-General for Research and Innovation and the European Health and Digital Executive Agency (HADEA);
63. Notes that the Court estimates that the level of error in spending on 'Single Market, Innovation and Digital' in 2023 was material at 3,3 %; notes the Court's observation that research and innovation expenditure is most affected by error, particularly in the area of personnel costs; further notes that the Commission estimates the risk at payment as 1,4 % for this heading, which is in the lower half of the range of the Court's estimate; is concerned by the Court's conclusion that the Commission's risk at payment for this heading remains an underestimate, because of weaknesses identified by the Court in the Commission's *ex post* audits in this area since the financial year 2019 <sup>(14)</sup>;
64. Notes with concern that 39 (31 %) of the 127 transactions that the Court examined contained errors; is deeply concerned that for seven cases of quantifiable errors made by beneficiaries, the Commission (or the auditors contracted by the beneficiaries) had sufficient information to prevent, or to detect and correct the error before accepting the expenditure, and thus, had the Commission made proper use of all the information at their disposal, the estimated level of error for this chapter would have been 1,4 percentage points lower; highlights that this points to weaknesses in the Commission's controls;

### *Research and innovation*

65. Highlights the importance of Union research and innovation (R&I) funding programmes for the scientific, societal, economic and technological development of the Union, reducing inequalities, achieving the green and digital transitions and decreasing the Union's energy dependency on Russia; recalls that Horizon Europe is the most significant research and innovation programme in Europe, with a total budget of EUR 95,5 billion for 2021-2027, including EUR 5,4 billion from the NGEU instrument; notes that the RRF has allocated around EUR 48 billion in investments to R&I; underlines that in order to enhance the Union's competitiveness and close the innovation gap, additional funding for R&I is needed, taking into account the Draghi report's pertinent recommendations; highlights, in particular, the need to increase defence-related R&I spending due to the current geopolitical conditions, which could serve as an important component of the innovation policy strategy;
66. Notes that its predecessor, Horizon 2020, with a budget of EUR 75,6 billion funded more than 35 000 projects between 2014 and 2020 and its calls attracted over a million individual applications from 177 countries; further notes that in her hearing for the 2023 discharge, Commissioner Ivanova underlined the EU added value of EU R&I funding programmes, explaining that the final evaluation of Horizon 2020 estimated that, for each euro of costs linked to the programme five euros worth of benefits would be generated for society by 2040; deeply regrets that 74 % of proposals assessed as high quality by independent experts could not be funded due to budget constraints;

<sup>(14)</sup> ECA 2023 Annual Report paragraph 1.35.

notes that an additional EUR 159 billion would have been needed to fund all high-quality proposals; stresses the importance of ensuring sufficient funding for Union research and innovation, not the least to increase the Union's competitiveness and prosperity, in line with the Union's strategic agenda for 2024-2029;

67. Notes the late adoption of the Horizon Europe legal bases in 2021 and welcomes that the Commission managed to reach close to 100 % budget implementation in 2023; notes that the number of grant agreements signed by the end of 2023 was 10 674 and a further two framework agreements were signed;
68. Notes with concern that the Court found errors relating to ineligible costs in 30 of the 97 research and innovation transactions in its sample, and that these errors represent 71 % of the Court's estimated level of error for this heading in 2023; reiterates its concern that after 9 years of implementation of the Horizon 2020 programme, the calculation of personnel costs remains a major source of errors, as 22 of the 30 research transactions with quantifiable errors in the Court's sample (around 73 %) are affected by the incorrect application of the methodology for calculating personnel costs; acknowledges both the Commission's and the Court's continued efforts to remedy this situation; welcomes that the Commission has accepted the Court's recommendations to enhance beneficiaries' compliance with the daily-rate rules and to ensure clarity concerning daily-rate rules in Horizon Europe documents;
69. Underlines the importance of simplifying the rules and procedures governing Union R&I funding; notes that in 2023 the Commission has continued the roll out of simplified cost options such as lump sums and unit costs in Horizon Europe; further notes the remarks made by the Director-General for Research and Innovation in the exchange of views with the CONT Committee that the Commission intends to increase the disbursement of Horizon Europe funds through lump sums to 50 % by 2027; welcomes that the Commission, taking the Court's recommendations issued in its annual reports for 2022 into account, will further specify the requirements defining the proper implementation of lump sum grants, including the elements of each work package triggering payment, and will also provide detailed guidance to those involved in assessing the implementation of projects; further notes that, as described in the Commission's assessment of Lump Sum Funding in Horizon 2020 and Horizon Europe 2018-2024, beneficiaries would welcome more clarity on how lump sum grants would be audited; is concerned that the *ex post* audit strategy for Horizon Europe is not yet developed;
70. Stresses the crucial role of the private sector in addressing the innovation gap in the Union and improving the Union's competitiveness and prosperity; believes, in particular, that it is imperative to continue to promote and facilitate as much as possible the participation of SMEs in Union R&I funding programmes; notes the Court's conclusion that SMEs and newcomers are more prone to making errors than other beneficiaries since they lack the experience and resources to administer the funds; welcomes the efforts made by the Commission to support SMEs specifically, for example through information campaigns, contacts with the system of National Contact Points and the dedicated helpdesk of the Research Enquiry Service; considers that the simplification of rules and procedures is the major driver for increased participation of SMEs;

#### *Energy, Transport and Digital*

71. Highlights the importance of Union investments in the development of high performing, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services and notes that the Connecting Europe Facility (CEF), with EUR 4,1 billion of expenditure in 2023, is a key Union instrument in delivering these objectives;
72. Draws attention to the need to simplify the application procedures under the Connecting Europe Facility for Transport (CEF-T) in order to enable greater participation of smaller entities and local initiatives in the development of European transport infrastructure; regrets that the CEF-T budget does not cover all the needs for sustainable transport investments and that most of the CEF-T budget has already been allocated, leaving a funding gap until 2027;

73. Recalls that the Russian war of aggression against Ukraine and the resulting sanctions imposed on Russia continued to adversely impact the Union's transport sector in 2023, leading to traffic shortages, supply chain bottlenecks, and the necessity to bypass traditional routes, thereby extending journey times and increasing costs; points out that the Eastern border regions, especially in the Baltic states, Finland, Poland and Romania, have been particularly affected by economic losses and a halt of cross-border mobility as a consequence of the Russian aggression; calls on the Commission to introduce targeted measures, including in the next MFF, to facilitate recovery of the affected regions;
74. Calls on the Commission to conduct a comprehensive review of the funding allocated to the cross-border and multi-country infrastructure projects, facing significant implementation challenges, financial difficulties, or delays, such as Rail Baltica; points out that this review should address inefficiencies in planning and management as well as escalating construction costs that threaten project timelines and objectives; reiterates that greater transparency in the management of public funds increases citizens' trust in the Union institutions;
75. Notes with concern that the Court found two errors in CEF projects in its 2023 sample, and that one of these relates to a serious breach of the Union's public procurement rules, and has led to the contract being awarded to a consortium that did not fulfil the selection criteria and that this error contributed 28 % to the estimated error rate for Heading 1;
76. Is deeply concerned by the Court's findings in relation to the European Climate, Infrastructure and Environment Executive Agency's (CINEA) *ex ante* control system for CEF grants in the transport and energy sectors, in particular the Court's conclusion that while the strategies for both CEF1 (2014-2020) and CEF2 (2021-2027) are based on a sound analysis of risks and past irregularities, the guidelines for *ex ante* checks on procurement were not detailed enough; fully supports the Court's recommendation that the Commission should further develop these guidelines;

#### *Recommendations*

77. Calls on the Commission to:
  - (i) secure the provision of adequate resources to support high-quality research and innovation project proposals with an EU added value in the short-term through the 2026 draft budget and in the medium-term through the Commission's proposal for the next Multiannual Financial Framework;
  - (ii) continue to simplify rules and procedures in line with the new financial regulation, to support training sessions and user-friendly, consistent and practical information for applicants in Member States, in particular for SMEs, new applicants, spin-offs, start-ups, CSOs or local action groups and to encourage applications from beneficiaries in Member States with more limited participation, as well as from smaller entities;
  - (iii) continue to apply simplified rules and procedures, digitalisation measures and simplified cost options (SCOs) while addressing, in particular, the risk of irregularities and fraud and the costs of controls, and finalising the *ex post* audit strategy for Horizon Europe as soon as possible;
  - (iv) further specify the requirements for defining proper implementation of lump sum grants, taking into account the Court's pertinent recommendations from its 2022 Annual Report, and verify the actual implementation of projects using lump sums;
  - (v) undertake a thorough analysis of procurement errors found and further develop the guidelines describing the extent of the checks to be performed for *ex ante* controls on procurement for CEF projects, as recommended by the Court;

#### **Cohesion, Resilience and Values**

78. Stresses the importance of Union cohesion policy for economic and territorial convergence and development in the regions of the Union, as well as for supporting the implementation of the European Pillar of Social Rights; notes that the budget for the programmes under MFF Heading 2 'Cohesion, resilience and values' was EUR 73,3 billion (38,4 % of the Union budget) distributed as follows: 47,8 % for the European Regional Development Fund (ERDF) and other regional operations, 18,9 % for the European Social Fund (ESF), 9,8 % for the Cohesion Fund (CF), 3,8 % for Erasmus +, 2,1 % for CEF Transport, and 3,8 % for other areas;

79. Notes that the Court has examined a sample of 238 transactions covering the full range of spending under MFF Heading 2; notes with concern that the Court's estimated overall level of error in expenditure under this heading in 2023 increased to 9,3 %, which is significantly above the materiality threshold; draws attention to the marked increase in the overall level of error estimated by the Court in 2023 compared to previous years (6,4 % in 2022, 3,6 % in 2021);
80. Is concerned about the Court's observation that the significant additional resources made available under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), the approaching end of the eligibility period for 2014-2020 programmes (31 December 2023), and parallel implementation of the NGEU programme have put additional pressure on Member State's administrations, increasing the risk of errors; is in particular concerned by the practice of reducing Member States' co-funding, as is the case under REACT-EU, the Coronavirus Investment Initiative (CRII) and CRII+, which reduces the ownership and associated incentives for properly overseeing expenditure; notes from the Commission replies the acknowledgement that some authorities may have carried out less effective controls and verifications due to the heavy overload and increasing pressure of parallel implementation of 2014-2020 programmes and of additional funding under NGEU;
81. Notes the Court's analysis of transactions with additional funding through REACT-EU and flexibility through CRII+ and Cohesion's Action for Refugees (CARE) and their contribution to the estimated levels of error; notes in particular the conclusion that errors found in 100 % EU-funded priorities contributed 5,0 % to the total estimated level of error of 9,3 %; is concerned that increasing flexibilities, without either decreasing requirements or increasing preventive checks and controls at the same time, contributed to the high error rate;
82. Notes the Court's Review 03/2024 'An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending' that provides a multi-annual overview covering six years of audit results, including an assessment of management and control issues, aiming to strengthen the assurance model; is concerned by the Court's conclusion that, although the assurance framework for cohesion policy has helped to reduce the level of error, it has not been effective in bringing the overall level of error below the materiality threshold of 2 %; is worried that the Commission can rely only to a limited degree on the work of the national audit authorities, because of the systematic weaknesses; supports the Court's recommendation to the Commission to strengthen the implementation of the assurance framework for the 2021-2027 cohesion spending; reminds the Commission of the discharge authority's call to work closely with the Member States to improve the management and control system for Union expenditure to reduce the high error rate to below the 2 % materiality threshold;
83. Notes the Court's observation in its review on the reliability of the work of key actors in the control system for cohesion policy; is concerned by the Court's finding that during a 6-year period managing authorities, the first line of defence for detection and prevention of errors, are not sufficiently effective in mitigating the inherent high risk of error in cohesion policy; considers it even more worrying that the Court found that the second line of defence, the Member States' audit authorities, are not able to determine the correct error rate for the packages of expenditure they audit and provide assurance on, since the Court detected additional errors in at least 39 % of these packages; notes that these errors have been detected and reported by the Court annually for more than 6 years and that there is therefore a systemic issue;
84. Notes the Court's categorisation of errors found in cohesion expenditure, with ineligible projects accounting for 29 %, ineligible costs for 26 % and serious non-compliance in public procurement procedures accounting for 21 % of errors and ERDF and CF related expenditure accounting for the largest share of errors (80 %); notes that expenditure under the ESF+, YEI (Youth Employment Initiative) and FEAD (Fund for European Aid to the Most Deprived) are proportionally less affected by error, as they together account for 16 % of errors, while they together account for around 20 % of the budget under this heading;
85. Notes the study commissioned by the Committee on Budgetary Control on 'Lessons learned from the implementation of crisis response tools' that shows that absorption of uncommitted cohesion resources was supported by the flexibilities introduced under CRII and CRII+; is concerned by the finding of the researchers that quality of fast-tracked projects might not have reached the same level as investments before the pandemic; is further concerned by the researchers' observation that the risk of low-quality projects is entirely borne by the Union Budget, because of 100 % EU-funding in CRII, CRII+ and REACT-EU; considers that 100 % EU-funding might help absorption, but that absorption is not a goal in itself;

86. Stresses that, in its most recent discharge opinions, the Committee on Regional Development called for additional advisory support from the Commission to national, local and regional authorities to avoid a situation of administrative overload; recognises the Commission's efforts but, observes that, regrettably, these have not been sufficient to mitigate the risk of error; warns that a similar administrative overload might occur at the end of the RRF eligibility period and the final years of the MFF; underlines the need to address the insufficient administrative capacity of national, local and regional authorities as a matter of urgency; calls on the Commission, in this regard, to provide them with clear guidance, and to increase its support for administrative capacity building, including through staff training, best practice sharing, peer-to-peer reviews and technical assistance to ensure effective fund management;
87. Notes the public discussions on the post-2027 multiannual financial framework that may indicate a shift towards a performance-based model, coupling investments and reforms, and a desire to simplify rules and procedures; calls on the Commission to prioritise the financial responses to the current threats resulting from the geopolitical situation; warns that any decision on the future design of spending programmes must not be to the detriment of oversight and control of Union expenditure in terms of transparency and information at Union level about non-compliance with rules and regulations; considers that the errors identified by the Court and the way the Commission handles those errors are also an indication of a properly functioning management and control system and notes that both institutions stated their commitment to improve the system and bring down the error rate;
88. Notes, as in previous years, the Court's observation that the Commission's desk reviews, to review and assess the work of audit authorities, are aimed at checking only consistency of regularity information, and that they are therefore too limited to confirm the residual error rate reported by the national authorities in their assurance packages; notes the Commission's reply that it complements its desk review with on-the-spot audit work covering the programmes and assurance packages, which enables it to establish a reasonable and fair estimate of the error rates for each programme; considers that the Court's observation is about the scope of the desk reviews and the fact that they are only aimed at consistency and therefore too limited to provide the Commission with information that is sufficiently reliable;
89. Is concerned about the persistent shortcomings observed by the Court in the work of national audit authorities as visible in the weaknesses identified in the assurance packages, with a residual error rate above the materiality threshold for more than 60 % of the value of assurance packages audited in 2023; stresses with concern that managing authorities consistently do not effectively succeed in preventing or detecting irregularities in expenditure declared by beneficiaries and that this reduces the extent to which the Commission can rely on their work;
90. Reminds that in shared management, it is the Commission's responsibility to make sure that Member States set up management and control systems that function effectively during the implementation of programmes; is worried that both the Commission and the Court have identified that not all Member States' management and control systems function effectively, thus negatively affecting the reliability of the Commission error rates, as they rely on these national systems, which do not work effectively; calls into question the possibility for the Commission to continue to rely on national systems;
91. Considers that for the single audit approach to work well, and in order to achieve reduced administrative burden for beneficiaries and managing authorities, adherence to audit standards at all levels of control and audit is of essential importance; is therefore worried by the Court's finding in its annual report that essential supporting documents about compliance with eligibility conditions were not presented by programme authorities and beneficiaries, and also by the finding by the Court presented in its review that insufficient documentation of audit work from audit authorities limits the reliance that can be placed on audit work of national audit authorities;

92. Recalls that following Article 15 of Regulation (EU) 2021/1060 of the European Parliament and of the Council <sup>(15)</sup> (CPR) for the programming period 2021-2027, Member States need to comply with horizontal and thematic enabling conditions, which need to remain fulfilled and respected throughout the implementation period of the funds; recalls that when enabling conditions are not fulfilled at the time of submission of a payment application to the Commission for the specific objective concerned, the related expenditure will not be reimbursed from the Union budget until the Commission is satisfied that the enabling condition has been fulfilled; recalls the strong regrets of the discharge authority in relation to the Commission decision of 13 December 2023 <sup>(16)</sup> considering that Hungary fulfilled the horizontal enabling condition related to judicial independence that enabled the Hungarian authorities to submit reimbursement claims of up to EUR 10,2 billion; notes with concern that since the release of these funds, the Hungarian government has not taken steps to reinstate the independence of the judiciary but on the contrary; reiterates its worries about the lack of adequate control mechanisms or unreliable public procurement procedures to guarantee sound financial management and the protection of the Union budget; believes that this decision politically contradicts the prolongation of the measures adopted under Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council <sup>(17)</sup> (the 'Conditionality Regulation');
93. Expresses deep concern over the findings in the 2023 Rule of Law Report regarding the rule of law situation in Hungary, particularly the persistent and systemic challenges in the judiciary and the media sectors; notes with alarm the increasing pressure on judicial independence, including concerns over the selection and promotion of judges, and recent reports of intimidation and interference in judicial decisions, as exemplified by the resignations of judges in protest against political influence; notes with concern in the same vein that the head of the Hungarian Integrity Authority, a key institution established as a condition set by the Commission for the release of Union funds under the Rule of Law Conditionality Regulation, is facing increasing pressure from the Hungarian government; calls on the Commission to ensure a coordinated and holistic approach across all relevant Union funds and legislative tools, emphasising that Union funds must not be allocated to activities undermining democracy or reinforcing authoritarianism;
94. Recalls that the Conditionality Regulation establishes a mechanism and measures to protect the Union Budget from breaches of the rule of law when other procedures set out in Union legislation would not protect the budget more efficiently; recalls that this mechanism was activated on 15 December 2022 in the case of Hungary over concerns related to its system of public procurement, resulting in a temporary suspension of 55 % of budgetary commitments for three cohesion policy programmes; recalls that the same regulation, in line with Article 6 of Council Regulation (EU, Euratom) 2020/2093 <sup>(18)</sup> (the 'MFF Regulation'), stipulates that suspended commitments of 2022 (year n), may not be re-entered into the budget beyond 2024 (year n+2) and that therefore 55 % of commitments from 2022, around EUR 1 billion, were decommitted in December 2024; notes that no other procedures under the Conditionality Regulation are ongoing;
95. Notes that the Commission allocated an equivalent of five full-time staff members to the implementation of the Conditionality Regulation and reiterates the European Court of Auditor's concerns raised in its Special Report 03/2024 that current staff numbers appear to be insufficient to ensure a strict and coherent application of the Regulation;
96. Reiterates the need to treat as a single, integral package all the measures required for the release of Union funding under the Conditionality Regulation, the CPR and Regulation (EU) 2021/241 of the European Parliament and of the Council <sup>(19)</sup> (the 'RRF Regulation'); stresses the importance of the protection of the Union financial interests also for disbursement of pre-financing;

<sup>(15)</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159, ELI: <http://data.europa.eu/eli/reg/2021/1060/oj>).

<sup>(16)</sup> Commission Decision of 13 December 2023 on the reassessment, on the Commission's initiative, of the fulfilment of the conditions under Article 4 of Regulation (EU, Euratom) 2020/2092 following Council Implementing Decision (EU) 2022/2506 of 15 December 2022 regarding Hungary, C(2023) 8999.

<sup>(17)</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1, ELI: <http://data.europa.eu/eli/reg/2020/2092/oj>).

<sup>(18)</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11, ELI: <http://data.europa.eu/eli/reg/2020/2093/oj>).

<sup>(19)</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>).



97. Notes that some investments which would have been eligible for financing under cohesion are included in the National Recovery and Resilience Plans; recalls that the general objective of the RRF enshrined in Article 4 of the RRF Regulation is to promote the Union's economic, social and territorial cohesion, and that one of its six pillars is specifically dedicated to this purpose; acknowledges that the wide scope of the RRF results in limited overlap with other Union funding programmes, as intended by the co-legislators when establishing the Article 9 of the RRF Regulation, which establishes additionality and complementarity funding as key principles; draws attention, however, to the risks of double funding emerging from such situations;
98. Expresses its preoccupation about the visible delays in implementation of cohesion policy in Member States and the lack of capacity of national administrations to deal in parallel with different spending programmes (e.g. cohesion programmes and RRF programmes) covering complementary or even similar objectives; calls on the Commission to ensure that sufficient technical assistance is provided to Member States facing difficulties in order to address existing delays in the implementation of cohesion programmes;
99. Recognises the disproportionate impact of the Russian war of aggression against Ukraine on eastern regions of the Union bordering Russia and Belarus; draws attention to the costs borne by these regions and Member States as a result of their shared border with hostile neighbouring countries, notably their need to increasingly direct public funding into security, defence and preparedness, while facing dramatically reduced resources due to a disruption in economic activities, cross-border trade and other exchanges, and in cohesion programmes, particularly Interreg programmes; notes the measures taken by the European Commission to support these regions, notably through flexibilities provided under cohesion policy; welcomes that providing support to eastern border regions most affected by Russia's aggression is included in the mission letter of the Executive Vice President for Cohesion and Reforms; calls on the Commission to ensure the provision of adequate support for eastern regions of the Union bordering Russia and Belarus to cope with the disproportionate consequences of the Russian war of aggression, both in the short term through the 2026 draft budget and in the medium term through the Commission's proposal for the next MFF;
100. Stresses the importance of ESF+ which aims to achieve high employment, fair social protection, a skilled and resilient workforce, and inclusive/cohesive societies as key in eradicating poverty; expresses the need to provide it with the continued financial and political support of the Union, national and regional institutions in the delivery of its objectives and targets in the years to come; underlines the importance of closely involving regional actors, in particular civil society organisations and social partners working on the ground in the implementation of ESF+ funded activities;
101. Welcomes the frontloading of EUR 100 million from the 2027 budget of Erasmus+ to the 2023 budget of Erasmus+, which enabled continued support to pupils, students, teachers and qualified staff fleeing from Ukraine, and the extra EUR 20 million awarded to Erasmus+ in 2023 as a result of Parliament's insistence; stresses that frontloading must remain an exception to rapid response to unforeseen acute crisis situations; underlines that any frontloading of Erasmus+ cannot result in cuts for the programme at the end of current MFF; emphasises that every effort must be made to respond to such situations preferentially with additional funding;
102. Emphasises the need for strict oversight of the allocation of funds to prevent misuse within the Erasmus programme; asks the Commission to gather evidence to investigate any case of fraudulent or suspicious recipients, in accordance with its duties outlined in the Financial Regulation and Erasmus+ grant agreements; calls for adequate safeguarding of the programme from abuse by organisations whose activities are not aligned with the fundamental values of the Union (human dignity, freedom, democracy, equality, rule of law, human rights); recalls that the Commission is legally bound to ensure that programme beneficiaries commit to and ensure the respect of these values and do not commit professional misconduct;
103. Notes that in 2023, the budget of the EU4Health programme, the main financial instrument to support Union health initiatives, was EUR 735 million, mainly managed by the Directorate-General for Health and Food Safety and the Health Emergency Preparedness and Response Authority (HERA) and implemented through the European Health and Digital Executive Agency; acknowledges the progress of initiatives funded under this programme, notably in the areas of health emergency preparedness, the Beating Cancer Plan, the Pharmaceutical Strategy for Europe and in the implementation of Union health legislation;

*Recommendations*

## 104. Calls on the Commission to:

- (i) re-consider the practice of 100 % Union funding in Union crisis response instruments, where increasing pre-financing might provide faster availability of funds, while maintaining a shared financial budgetary control responsibility in implementation of the funds by maintaining financial involvement from both national and Union level;
- (ii) ensure selection of qualitatively good projects with cohesion policy funds by favouring long-term investments, and duly justifying 100 % Union funding while limiting its application;
- (iii) address the systemic issue of non-detection of errors at Member State level in cohesion policy spending with an action plan, aimed at reporting an accurate error rate in assurance packages, and detection of errors at the first lines of defence by making available more, and/or better targeting existing resources and increase detection capacity at Member State and Commission level;
- (iv) calculate and report to the discharge authority the cost of control for all expenditure handled by national authorities concerning cohesion policy funds, and NGEU, and compare these figures with the cost of control when only Cohesion policy funds were handled by the same authorities;
- (v) address the recurrent issue of insufficient documentation at beneficiary, programme authority and audit authority level, not only through checks, awareness raising and information on requirements, but also through increased digitalisation and where possible, through financial incentives to penalise non-respect of the requirements for sound financial management;
- (vi) expand the scope of its desk review of assurance packages to review more quality criteria in addition to consistency to make a reliable estimate of the residual error rate for the assurance package under review, as well as of the risk at payment as a whole;
- (vii) step up its monitoring of the horizontal and thematic enabling conditions in all Member States to identify potential threats for the protection of the Union Budget and ensure enhanced transparency and stakeholder participation in the application of this tool;
- (viii) closely align the rule of law report with the Conditionality Regulation and report in more detail on the breaches of the principles of the rule of law that can be used as input to trigger the Conditionality Regulation;
- (ix) continuously monitor the implementation by the Hungarian Government of measures foreseen in Council Implementing Decision (EU) 2022/2506 <sup>(20)</sup>; assess to what extent the situation has improved or worsened, including in relation to the challenges faced by the Hungarian Integrity Authority, and take all necessary actions in accordance with the Conditionality Regulation;
- (x) provide Member States with increased technical assistance in order to address delays in the implementation of national programmes in order to increase the absorption rate;
- (xi) closely monitor and mitigate the increasing risk of double funding between Cohesion programmes and RRF funding and address any such occurrences without delay;
- (xii) further enhance simplification in the implementation of cohesion programmes and work closely with Member States to identify best practices regarding the digitalisation of practices and procedures;
- (xiii) take all necessary measures to bring down the error rate in close cooperation with the Court of Auditors;
- (xiv) ensure the provision of adequate support for eastern regions of the Union bordering Russia and Belarus to cope with the disproportionate consequences of the Russian war of aggression against Ukraine, both in the short term and in the medium term;

<sup>(20)</sup> Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary (OJ L 325, 20.12.2022, p. 94, ELI: [http://data.europa.eu/eli/dec\\_impl/2022/2506/oj](http://data.europa.eu/eli/dec_impl/2022/2506/oj)).

**Natural resources**

105. Notes that the budget for the programmes under MFF Heading 3 'Natural resources' was EUR 59,5 billion (31,1 % of the Union budget) distributed as follows: 65,0 % for direct payments under the European Agricultural Guarantee fund (EAGF), 27,6 % for the Agricultural Fund for Rural Development (EAFRD), 4,2 % for market-related expenditure under the European Agricultural Guarantee Fund (EAGF), 1,9 % for Maritime and Fisheries, 0,9 % for Environment and Climate (LIFE), and 0,4 % for other areas;
106. Notes that the Court has examined a sample of 218 transactions covering the full range of spending under this MFF heading; notes that the Court also examined the regularity information given in the annual activity reports of the Directorate-General for Agriculture and Rural Development and the Directorate-General for Climate Action, as well as selected systems in 20 Member States and the United Kingdom; notes that the Court estimates the level of error for 'Natural Resources' to be 2,2 % (2,2 % in 2022) and that the majority of the errors found affected rural development transactions;
107. Points out, however, that this is partly due to the complexity of environmental schemes in rural development programmes and the recognised negative issue of 'gold plating' at national level;
108. Notes, in this context, the lower-than-expected implementation rate of EAFRD funding for the period 2023-2027, with an absorption rate of only 1 % at the end of 2023, with payments amounting to EUR 0,7 billion, and expects the absorption rate to increase significantly in the course of the next reporting period;
109. Notes that the Court found 16 quantifiable errors in rural development, 15 in direct payments, three in expenditure related to market measures, and three in non-CAP expenditure; is reassured by the Commission's assessment that most errors concern clerical mistakes and by the actions taken by the Commission to prevent errors in the future;
110. Notes the categorisation of errors by the Court, with ineligible claims accounting for 35 % of the errors, and administrative errors and inaccurate information on areas or animals for 21 % and 20 % respectively; notes with concern, that as in previous years, that the Court found in several cases that the Member State authorities and the Commission had sufficient information to prevent, or to detect and correct the error before accepting the expenditure and that, had the Member State authorities and the Commission made proper use of all the information at their disposal, the estimated level of error for this chapter would have been 1,0 percentage point lower;
111. Notes that 2023 was the first year of the CAP 2023-2027 new delivery model, which integrates performance elements, agreed with the Member States in Strategic Plans, as basis for payments; notes that 2023 was a modest start of the new delivery model, EUR 63,65 million declared on the basis of generated outputs and therefore subject to a 'performance clearance' by DG Agriculture and Rural Development out of EUR 215,52 million declared under the CAP Strategic plans under sectoral interventions and rural development; notes that in 2024 payments under the new delivery model will have increased substantially; notes the Court's observations as regards processing performance data for the Annual Performance Reports where Member States are in the process of setting-up systems and procedures and at times manually aggregate data, with associated risks for the reliability of data;
112. Recalls the farmers' protests across Europe towards the end of 2023 and early 2024 and the Commission's response aimed at simplification, in particular for small farmers, and increasing discretionary powers for Member States; stresses that simplification should go hand in hand with sound financial management and take into account the Union's climate commitments; welcomes the Commission's targeted approach, especially concerning the distinction between farm size in terms of agricultural land and number of farms; cautions that discretion given to Member States should also be accompanied by thorough oversight by the Commission;
113. Recalls that both the Commission and Member States are responsible for addressing fraud in CAP spending; welcomes in that regard the work done in terms of anti-fraud risk assessments and the update of its anti-fraud strategy by the DG for Agriculture and Rural Development;

114. Notes the Court's Special Report 07/2024 on the Commission's systems for recovering irregular expenditure, and the Commission's reply; notes the Court's observation that recoveries concerning agricultural expenditure have been relatively successful, attributed in part to the so-called 50-50 rule that incentivised Member States to recover funds; notes that this rule has not been retained in the 2023-2027 CAP and the Court's warning that this might lead to a deterioration of the rate of recovery for agricultural expenditure;
115. Notes the Court's Special Report 20/2024 on Common Agriculture Policy Plans and the Commission's reply; stresses the importance of ensuring that all key elements for assessing performance are provided; considers that plans need to account for specific situations in specific Member States and that therefore a certain level of divergence is even desirable, is however worried that divergence in ambitions may mean that there is no level playing field for farmers across Member States; is further disappointed by the Court's finding that although the new monitoring framework has been simplified, the CAP objectives lack clarity and indicators focus on outputs rather than results, and that important result indicators are missing; notes that the Court recommends the Commission to promote exchange of best practices in the plans and strengthening the future CAP monitoring framework;
116. Notes the Court's Special Report 19/2024 on Organic farming in the EU, and the Commission's reply; is once more worried by the Court's finding that a weak strategic framework and data constraints prevent the measurement of the impact of the policy; considers that the increased focus on performance and definition of targets and indicators, and the related monitoring of results across Union policies needs to be supported by an equal increase of the Commission's capacity to define performance frameworks and monitor performance;
117. Welcomes the increased competitiveness achieved through market measures in the wine sector and encourages the Commission and Member States to persevere in their efforts to replicate this success in other sectors;
118. Recalls that democracy and pluralism are fundamental values of the Union enshrined in Article 2 TEU; further recalls that, in line with Article 11 TEU, Union institutions shall give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action in order to maintain an open, transparent and regular dialogue; underlines that separation of powers between the institutions as laid down in Article 13 TEU must always be respected and that Union institutions shall practice mutual sincere cooperation;
119. Recognises the importance of the LIFE programme; recalls the provisions of the LIFE+ Regulation, including those related to operating grants, the eligibility conditions, the award criteria, the overall allocation for 2021-2027 and the distribution of funds within the programme;
120. Notes that some members of the Budgetary Control committee requested access to a series of grant agreements under the LIFE programme, as well as other Union funding programmes, and after scrutinising them expressed concerns on the content of several of the programmes in February 2024; notes that the Commission, including the Internal Audit Service (IAS), was initially not aware of any issue, but adopted a series of measures with the aim of addressing the concerns; recalls the discharge written questions and hearings with the Secretary-General of the Commission on 5 November 2024, the responsible Commissioners for MFF Heading 3 on 12 November, and the Commissioner responsible for Budget and administration on 9 December 2024 where the concerns and the Commission's response were discussed;
121. Notes the concerns expressed by some members of the Budgetary Control Committee that certain grant agreements between the European Union Climate, Infrastructure and Environment Executive Agency (CINEA) and beneficiaries, such as CSOs and private companies, under the LIFE Programme include 'work plans' containing detailed advocacy actions towards Union institutions or their representatives, as well as other actions directed towards certain trade agreements which the Union was negotiating, or litigation measures to be pursued by the respective entities; acknowledges that this could be potentially interpreted as interfering with internal decision-making in Union institutions; notes that the Commission has performed a legal analysis of the grant agreements that raised concerns of some Members of the CONT Committee, which concluded that there was no evidence that the entities concerned had breached their contractual or code of conduct obligations, yet the Commission asked some beneficiaries to make amendments to the grant agreements that contained the specific provisions that potentially entailed a reputational risk; further notes that all grant agreements include a disclaimer stating that 'views of the beneficiary do not in any way represent views of the EU and that granting authority cannot be held responsible for them';

122. Underlines that Union financing should not contribute to undermining the rule of law, nor the values on which the Union is founded; recalls the provisions of Article 163 of the Financial Regulation; considers it crucial that there should be no funding without traceability of funds;
123. Notes the actions taken by the Commission to address the allegations which included the issuance of guidance for Commission services on funding activities related to the development, implementation, monitoring and enforcement of Union legislation and policy and screening of their contract portfolios to determine which agreements were not in line with the guidance; takes note of the measures adopted so far by the Commission while awaiting the results of the screening of the grant agreements with all the beneficiaries, which was requested by the Commission's Corporate Management Board;
124. Notes the decision-making structure, including the evaluation board within CINEA, for deciding on contracts between the Commission and beneficiaries; urges the Commission to ensure that the decision-making structure of CINEA for deciding on contracts to be awarded features clear accountability, clear responsibilities and a practical structure;
125. Notes that the executive agency conducts annual bottom-up risk management exercises and that these bottom-up risk management exercises did not identify any critical risks; notes that irrespective of the financing programme, evaluation procedures should be constantly reviewed and adapted if needed;
126. Notes reports in the media that the President of the Commission hired a paid special adviser to deliver a report on the 'Strategic Dialogue on the Future of EU Agriculture' who received a salary equal to a Director-General in the Commission; is concerned by the remuneration of all the special advisers and the discretion the Commission has in deciding their remuneration, which creates arbitrary inequalities;

#### *Recommendations*

127. Calls on the Commission to:
  - (i) closely monitor the Member States' progress as regards the processing of performance data and the aggregation of data for the annual performance report and keep the discharge authority informed about issues with reliability of performance data, in particular where it concerns manually aggregated data;
  - (ii) inform the discharge authority why the Court concludes that for several years several errors could have been prevented, had the Commission and Member States used all information at their disposal and why the Commission and Member States do not manage to address this issue appropriately;
  - (iii) apply the lessons learned as regards the reduction of the administrative burden from its response to the farmers' protests in future policy initiatives, while taking due account of the risk of abuse of funds where control measures are reduced, or risk of too much divergence between Member States when discretionary powers are used without proper oversight;
  - (iv) keep the discharge authority informed about the recovery rates of agricultural expenditure, in particular if the rate deteriorates in comparison to the recovery rate under the previous CAP and swiftly mitigate the causes for the deterioration, including considering the introduction of new incentives for Member State authorities to recover funds;
  - (v) assess the differences in ambition of strategic plans and inform the discharge authority whether there is divergence between Member States, threatening the level-playing field for farmers, and assess how the Commission addresses those differences;
  - (vi) make better use of its capacity for setting-up performance frameworks, for defining objectives and indicators and holding those contributing to the achievements, be they Member States or beneficiaries, accountable for their contributions;
  - (vii) update the Commission's anti-fraud strategy to devote attention to advocating for and upholding a clear separation of executive and legislative power in the Union;

- (viii) have a clear and comprehensive strategy at Commission level as to how to better protect the financial interests of the Union and ensure that Union funds are spent for their intended purposes and diligently apply the Financial Regulation provisions, including by ensuring that grant agreements can be suspended or terminated when beneficiaries violate the Union's legislation;
- (ix) ensure a fair distribution of Union funds to CSOs to contribute to a pluralistic and vibrant society;
- (x) ensure that the Commission's guidance adopted in 2024 is applied by all authorising officers and, if necessary, further develop guidance to fully align grant agreements with Treaty provisions and existing legislation;
- (xi) make the results of the screening of grant agreements available to the discharge authority in order to allow an assessment of the extent to which the Commission may be exposed to a reputational risk;
- (xii) adequately address issues such as revolving doors, transparency in financing and donations, the fight against money laundering, limiting foreign interference, independence from political and economic influence, whistleblowing and transparent governance structures, in respect of all entities receiving Union funds;
- (xiii) review the template for MoUs between the Commission and executive agencies to ensure clearer division of responsibilities;
- (xiv) instruct the audit structure to review contracts with beneficiaries and to flag in case they identify contracts that are not in line with applicable financial rules;
- (xv) have the IAS review contracts between the Commission and grantees, specifically to search for content that is not in line with applicable financial rules within work packages;
- (xvi) evaluate the decision-making structure in the areas of the awarding of contracts and instruct Commission services and executive agencies to perform better checks on the content of contracts at all stages, including by ensuring that work packages and key performance indicators as listed by applicants align with the objectives of respective funding programmes;
- (xvii) adopt more precise categorisation of entities listed in the Financial Transparency System;
- (xviii) review its rules for special advisers to remove the arbitrary selection and remuneration;
- (xix) further enhance simplification in the implementation of programmes and work closely with Member States to identify best practices regarding the digitalisation of practices and procedures;
- (xx) improve the quality of dialogue with farmers from all Member States;
- (xxi) react more quickly when serious concerns of the discharge authority are flagged to the Commission;
- (xxii) perform adequate checks of entities listed in the Transparency Register, in order to ensure that they comprehensively list their activities in the Register;
- (xxiii) draw clearer lines of responsibility when implementing collaborative platforms;
- (xxiv) instruct the Corporate Management Board to submit consolidated information on the list of critical risks to the internal audit service and ensure executive agencies address potential risks and ensure a transparent selection of independent evaluators to prevent conflict of interest and guarantee their independence;
- (xxv) instruct all DGs and executive agencies to review the distribution of funds dedicated to auditing in order to ensure sufficient resources;
- (xxvi) ensure that proposals for Multiannual Work Programmes of any Union funding instrument have clear guidelines on the activities eligible for funding, clearer rules on screening of applications and on admissible content as well as clearer requirements for transparency and traceability of the use of Union funds, including in relation to the disclosure requirements under the EU Transparency Register;
- (xxvii) ensure that all grant agreements respect the necessary requirements related to transparency, traceability and visibility of funds;

### Migration and Border management

128. Notes that in 2023 the budget for the programmes under MFF Heading 4 'Migration and Border Management' was EUR 2,7 billion (1,4 % of the Union budget spending) distributed as follows: 1,2 billion (46,5 %) for three decentralised agencies, the European Boarder Coast Agency (Frontex), the European Union Agency for Asylum (EUAA) and the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-Lisa); 1 billion (38,6 %) for the Asylum, Migration and Integration Fund (AMIF), and 0,4 billion (14,9 %) for the Integrated Border Management Fund (IBMF);
129. Notes that in 2023 a significant portion of the spending under MFF Heading 4 still concerned the completion of projects remaining from the 2014-2020 MFF; notes that 18 % of AMIF national programmes for 2014-2020 remained undeclared at the end of 2023 and that the last annual accounts and the request for payment of the final balance for these funds will be provided by the Member States as part of the closure package by 31 December 2024 at the latest;
130. Notes that the Court examined a sample of 23 transactions, which is not large enough to be representative of the spending under MFF Headings 4 and 5 and, thus, it cannot provide a separate estimate of the error rate for these headings; further notes that the Court's audit results show that the expenditure under MFF Headings 4 and 5 is affected by eligibility and procurement issues and that it is a high-risk area (7 out of 23 transactions audited, i.e. 30,4 %, were affected by errors); is concerned that the Court detected four quantifiable errors which had a financial impact on the amounts charged to the Union budget and that it also found further ten cases of non-compliance with legal and financial provisions (which had no direct financial impact on the Union budget); therefore, invites the Court to provide a clear estimate of the error rate for Heading 4; notes that the Commission concludes that the risk at payment in 2023 is 1,1 % for the expenditure on migration and border management;
131. Notes that the Commission has accepted the Court's recommendation made in its annual report for 2023 to provide further guidance on applicable rules to the Member State authorities responsible for implementing Directorate-General for Migration and Home Affairs funding via shared management; regrets that the Commission has not yet fully implemented the Court's previous recommendations that were due to be addressed by the end of 2023; notes that DG Migration and Home Affairs is undertaking a reassessment of its *ex ante* methodology to ensure the respect of the rules applicable to post-2021 generation of grants, and that this reassessment will also address the Court's relevant recommendations and those of the IAS audit on the preparedness for closing actions and programmes funded under the Internal Security Fund (ISF) and the AMIF 2014-2020 through direct and shared management;
132. Notes with concern that two reservations on the declaration of assurance were issued in DG Migration and Home Affairs' Annual Activity Report (AAR) for 2023 and that one reservation concerns the implementation of AMIF and ISF 2014-2020 in several Member States and the other reservation concerns the implementation of Border Management and Visa Instrument (BMVI) 2021-2027 in one Member State; welcomes the Commission's commitment to take remedial measures for the underlying issues that necessitated the reservations;
133. Welcomes the progress identified by the Court in its review of the preparatory work done by five Member State audit authorities in managing the transition of the AMIF, BMVI and ISF funds to the CPR of the 2021-2027 MFF; observes that these audit authorities reported to the Court that the support and guidance DG Migration and Home Affairs provided to them was satisfactory; notes with concern that at the time of the Court's audit four out of five Member State audit authorities had not finalised their audit strategies;
134. Takes note of the adoption of the New Pact on Migration and Asylum; welcomes that the mid-term revision of the MFF 2021-2027 allocated an additional EUR 2 billion to migration and border management for 2024-2027 to address the growing challenges in migration and border management resulting from the current geopolitical context; notes, however, that additional funds might be needed with a view to ensuring the full implementation of the Pact; calls for the quick implementation of the Pact in the Member States;
135. Stresses that securing the Union's external borders is a pillar of the New Pact on Migration and Asylum; notes with concern that the Commission reported that the number of irregular border crossings in the Union increased in 2023 to 380 000, compared to 330 000 in 2022; observes that the BMVI can support frontline Member States to ensure they have the resources for infrastructure, facilities and installations necessary to secure the external borders of the Union, including electronic border security enhancements and other tools for border surveillance as

provided for in Annex III to the BMVI regulation; notes the European Council conclusions of 9 February 2023 that the Union will step up its action to prevent irregular departures and loss of life, to reduce pressure on the borders of the Union and on reception capacities, to fight against smugglers and to increase returns; underlines the need to better protect vulnerable people from smuggling and trafficking networks and address the negative effects of the instrumentalisation of migrants as part of hybrid attacks, notably by pro-Russian forces, as well as by the Belarusian regime;

136. Recalls that, according to Regulation (EU) 2021/1060, Member States and the Commission must ensure respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union in the implementation of Union funds;
137. Notes the Court's conclusion that the AMIF 2014-2020 was performing below expectations in terms of facilitating returns of migrants; also takes note of the fact that the Court and the Commission agree that progress in this area was particularly affected by COVID-19-related travel restrictions; further notes that in 2023 return measures were supported with EUR 29,8 million from the AMIF; considers that the Commission must provide stronger efforts to assist Member States in addressing irregular border crossing and in successfully implementing returns of third-country nationals, as well as the integration of legal migrants; looks forward to receiving consolidated information in 2025 on progress in this regard through the *ex post* evaluation AMIF 2014-2020; highlights that the Commission should continue to take action on migration and asylum within the framework of external action, including the 'Team Europe' approach while also increasing the transparency of the programming and implementation of the Union home affairs funds in third countries and safeguarding the role of the Parliament;

#### *Recommendations*

138. Calls on the Commission to:
  - (i) address the Court's recommendations in a thorough and timely manner and share DG Migration and Home Affairs' revised *ex ante* methodology, once completed, with the discharge authority;
  - (ii) continue to support the Member State managing and audit authorities in the timely finalisation of their audit strategies for MFF 2021-2027 funds, paying particular attention to eligibility and procurement issues, as well as all other recurrent findings of the Court;
  - (iii) take action to improve the performance of actions funded by the Union in terms of effective returns and combatting irregular migration, while ensuring the full respect of Union legislation and the fundamental values of the Union;
  - (iv) take action to increase the efficiency of Union spending on the protection and management of the European Union's external borders;
  - (v) monitor, assist in and scrutinise the timely progress of the administrative, operational and legal steps required by Member States and Union agencies for the full implementation of the New Pact on Migration and Asylum by 2026;
  - (vi) increase the transparency of the programming and implementation of the Union home affairs funds in third countries, while safeguarding the role of Parliament in ensuring the democratic scrutiny of Union spending;
  - (vii) continuously assess, in the implementation of the Union Budget, compliance with the Charter of Fundamental Rights and the Union values enshrined in Article 2 TEU, in accordance with Article 6 of the Financial Regulation;

#### **Security and Defence**

139. Notes that in 2023 the budget for the programmes under MFF Heading 5 'Security and Defence' was EUR 1,4 billion (0,7 % of the Union budget spending) distributed as follows: 500 million (38,4 %) for the European Defence Fund (EDF), 300 million (19 %) for military mobility, 200 million (17,1 %) for decentralised agencies, namely the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), Europol and European Union Agency for Law Enforcement Training (CEPOL), 200 million (13,1 %) for the ISF, and 200 million (12,4 %) for nuclear safety, decommissioning and other areas;



140. Notes that in 2023 a significant portion of the spending under MFF Heading 5 still concerned the completion of projects remaining from the 2014-2020 MFF; notes that 25 % of ISF national programmes for 2014-2020 remained undeclared at the end of 2023 and that the last annual accounts and the request for payment of the final balance for these funds will be provided by the Member States as part of the closure package by 31 December 2024 at the latest;
141. Notes with concern that, for the reasons explained in the section on migration and border management, the Court cannot provide a separate estimate of the error rate for MFF Heading 5 'Security and Defence' and that, based on its audit results, the Court considers expenditure from this heading to be high-risk; therefore, invites the Court to provide an estimate of the error rate for this heading as well; notes that the Commission concludes that in 2023 the risk at payment was 0,5 % for the expenditure on security and defence;
142. Observes that the Commission has not accepted the Court's recommendation to carefully check and document the technical aspects of military mobility grant applications to the Connecting Europe Facility (CEF) during the grant award procedure and that the Commission considers that its current processes already ensure a check on whether dual-use infrastructure projects meet the eligibility conditions;
143. Recalls the highly unstable geopolitical situation in the Union's neighbourhood giving rise to greater security and defence challenges, including hybrid threats, and thereby to greater investment needs in security, defence and preparedness, since the beginning of Russia's war of aggression against Ukraine; draws attention to the fact that MFF Heading 5, dedicated to security and defence, is the smallest of all MFF headings and regrets that the Union's current budget for ensuring the security and defence of its citizens is not equal to the challenges to be met either in the short or the long term; notes that in 2023 Union funding in support of the defence industry came exclusively from the EDF; recalls the role played by the EDF in supporting European technological expertise in emerging and disruptive technologies; welcomes that submissions to the 2023 EDF calls increased by 72 % compared to the previous year, demonstrating the strong and constantly growing interest of European defence industry actors and research organisations in the EDF and the high demand for funding in this sector; notes that under the 2023 calls, the Union committed EUR 1,15 billion for 61 defence R & D projects, benefiting 581 legal entities from 26 Member States and Norway; notes that on average 17 entities from eight different Member States and Norway participate in each project; underlines the importance of a level playing field in supporting cross-border defence R & D cooperation;
144. Welcomes the Commission's actions to enhance support for SMEs in the defence sector, in particular appreciates that the EU Defence Innovation Scheme (EUDIS), which provides a diverse range of instruments tailored to support SMEs within the defence ecosystem, became fully operational in 2023, with EUR 224 million allocated to it from the EDF budget; appreciates, further, the role of the SME bonus under the EDF in facilitating the access of smaller actors and innovators in defence supply chains; notes that in the 2023 EDF calls, 42 % of the entities selected for funding were SMEs, an increased share compared to 2022 (38,2 %), and that 18 % of the total funding available through the EDF calls is allocated to SMEs;
145. Recalls that the Preparatory Action on Defence Research (PADR) was a precursor programme of the EDF with a budget of EUR 90 million that funded 18 research projects selected following calls for proposals in the years 2017 to 2019; further recalls that the Court, in its Special Report 10/2023 'The Preparatory action on defence research', has observed that the Union still lacked a long-term strategy for the projects under the EDF, particularly in terms of impact, additional research, development, manufacturing and procurement; welcomes that the Commission has accepted all of the Court's recommendations and has confirmed that their implementation is ongoing; welcomes, in this regard, the Commission's adoption of a European Defence Industrial Strategy (EDIS) and legislative proposal establishing the European Defence Industry Programme (EDIP) as well as its commitment to build up the EDF; nevertheless, in view of the geopolitical realities the Union faces, is concerned that the full implementation of the Court's recommendations is expected only in 2026;
146. Recalls the Court's observations in its Special Report 10/2023 regarding the limited availability of human resources at the Commission and the subsequent risk for the EDF; notes that the growing number of proposals to evaluate and projects to manage puts considerable pressure on human resources; further notes the large share of seconded national experts (17 %) among Directorate-General for Defence Industry and Space staff in 2023 and DG Defence Industry and Space's intention to reinforce staff by the selection of officials through specialised EPSO competitions in the field of space and defence, for which the reserve lists were finalised in November 2023;

147. Notes that the implementation of 'Action Plan on Military Mobility 2.0' is ongoing, with EUR 1,74 billion allocated for dual-use transport infrastructure projects under the Connecting Europe Facility (CEF) between 2021-2027; notes that so far the Union has co-funded 95 military mobility projects in 21 Member States and that 94 of these projects are still ongoing and most of them are expected to be finalised between 2026 and 2027; notes with concern that following three calls for proposals organised in 2021, 2022 and 2023, the entirety of the military mobility envelope under the CEF for the current programming period has thereby already been exhausted; considers that although making the budget quickly available by frontloading amounts into the 2022 and 2023 calls responded to the need to take into account the evolution of the security situation in Europe following Russia's war of aggression against Ukraine, it simultaneously led to Union funding being unstable and unpredictable by leaving a gap of more than four years with no more Union funds available for military mobility calls to finance dual-use infrastructure projects until the post-2027 MFF; recalls the Court's conclusions in its Special Report 04/2025 that the action plan was not built on sufficiently solid foundations and that progress towards its objective, namely ensuring swift and seamless movement of personnel, materiel and assets at short notice and on a large scale, has been variable due to design weaknesses and remaining obstacles to implementation; notes that the Commission considers that more action is needed to strengthen dual-use transport infrastructure corridors, including on regulatory issues such as cross-border movement permission procedures; notes the Court's observation that the Commission had not carried out a robust assessment of the overall funding required to make its objectives and targets achievable; regrets that only EUR 300 million was spent on military mobility in 2023 and is concerned that calls for proposals under the military mobility envelope faced a four-time oversubscription rate, demonstrating the increased interest among Member States and project beneficiaries;
148. Expresses deep concern over the Commission's decision to proceed with the adoption of the 'Rearm EU' initiative without prior consultation of the European Parliament; regrets that such a decision bypasses the principle of institutional balance and undermines Parliament's role as co-legislator in shaping strategic and budgetary priorities; urges the Commission to refrain from initiating substantial policy instruments that impact the Union's financial and strategic architecture without ensuring full respect for the prerogatives of the Parliament;
149. Notes that the European Parliament has called on the Union and its Member States to put in place a legal framework enabling Russia to be classified as a State sponsor of terrorism;

#### *Recommendations*

150. Calls on the Commission to:
- (i) develop a longer-term strategy for the EDF, building on the experience with Preparatory Action on Defence Research (PADR) and the Court's recommendations, as soon as possible;
  - (ii) secure the provision of adequate resources to enhance Union defence cooperation, in the short-term through the 2026 draft budget and the timely recruitment of expert staff, and in the medium-term through the Commission's proposal for the next MFF;
  - (iii) further strengthen military mobility in the Union by substantially increasing the funding available to improve dual-use transport infrastructure corridors and by taking action to eliminate administrative, procedural and regulatory barriers to cross-border military movements, while prioritising Union funding to projects that best respond to the current European threat landscape; taking into account the Court's findings and recommendations in Special Report 04/2025;
  - (iv) take action to ensure due diligence in relation to project criteria for dual-use military mobility infrastructure projects, in line with the Court's recommendation;

#### **Neighbourhood and the world**

151. Notes that the budget for the programmes under MFF Heading 6 'Neighbourhood and the world' was EUR 15,2 billion (7,4 % of the Union budget) distributed as follows: 63,4 % for the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe), 16,4 % for Humanitarian Aid (HUMA), 16 % for Pre-Accession Assistance (IPA III) and 4,2 % for other actions and programmes; notes that in total, payments for 'Neighbourhood and the world' reached 15,2 billion in 2023, representing approximatively 8 % of the overall Union expenditure excluding RRF;

152. Notes that the Court examined a sample of 72 transactions, which is not adequately representative of the spending under this MFF heading and, therefore, cannot provide an estimate of the error rate; considering that the Court's audit results show that this is a high-risk area (of 37 out of 72 transactions audited, i.e. 51,4 %, were affected by errors), invites the Court to provide a clear estimate of the error rate for this chapter; notes that the Court found 31 errors that had a financial impact on the Union budget, relating to ineligible beneficiaries, ineligible costs, expenditure not incurred, and breaches of public procurement rules, areas that could point to risks of unreliable functioning of control mechanisms;
153. Notes, additionally, that the Court detected 19 cases of non-compliance with legal and financial provisions, none of which had direct financial impact on the Union budget, and which included issues such as ambiguous cost allocations, non-compliance with visibility rules, and inadequate documentation;
154. Is concerned that the Court found a significant non-compliance with visibility rules in an EU-funded project under indirect management by DG Neighbourhood and Enlargement Negotiations, which concerned a contribution agreement worth EUR 21,2 million signed with an international organisation in a project where the aim was to support Eastern partnership countries in tackling COVID-19; notes that the Court found that most donation certificates it checked did not contain any acknowledgment that the medical equipment donated was funded by the Union; recalls that beneficiaries of Union funds are required to clearly publicise the fact that the Union has financed or co-financed the action they are implementing; notes the Commission's replies that it is discussing new communication and visibility guidelines with the United Nations to reduce the risks of errors on compliance with visibility rules;
155. Expresses concern that the Court, in its IT audit on the information system OPSYS' component for managing user access and rights, found three shortcomings including (i) that the DG International Partnerships had not formalised a procedure for granting and removing access rights for system administrators and to standard users; (ii) four cases in which standard users had more access rights than they needed for their jobs, which is not in line with the Commission's IT standards; and that (iii) DG International Partnerships did not manage all administrator accounts belonging to staff of other directorates-general; is concerned that these weaknesses increase the risks of both inappropriate access to the system and non-compliance with the rules and procedures for implementing external action projects, and also undermine the integrity of system processes and data;
156. Notes that the Commission intensified communication with international organisations in order to raise awareness of the need to ensure that the Court's auditors obtain full access to documents when auditing projects funded by the Union, and that the Commission has supported initiatives to find permanent solutions to the issues of access to and retention of documents; notes, however, the Commission's acknowledgment that despite efforts, some constraints regarding access to documents persist due to the existing legal frameworks of the implementing partners, which are not expected to change in the near future;
157. Urges the Commission to enhance the rule of law conditionality-based approach of the Instrument for Pre-Accession Assistance (IPA) III funding in order for the instrument to serve its purpose of effectively preparing accession countries to fulfil the conditions of becoming Member States of the Union; reiterates its calls on the Commission to implement the recommendations of the Court's Special Report 01/2022 in order to ensure an effective impact of Union financial assistance in support for the rule of law in the Western Balkans, in particular by developing guidelines on the application of the provisions on modulation and conditionality under IPA III;
158. Stresses that Union aid should under no circumstances – directly or indirectly – be financing terrorism, hence it should not support any entity connected to Hamas or any other terrorist or extremist organisation; notes to this end, it is legitimate and necessary to be able to clearly know and identify all the final beneficiaries of European aid in third countries; emphasises the need for strict control over the distribution and use of aid to ensure no misuse of funds;
159. Notes with regret that the European Commission financed the Gaziantep Islamic Science and Technology University, which has proven ties to terrorist organisation of Hamas; calls on the Commission to cancel all ties to this university and other universities with ties to terrorist organisations;

160. Urges the Commission, in the context of delivering enhanced support and humanitarian aid to the Palestinian population, to also make full use of trusted partners, such as the WHO, WFP Unicef or different Red Crescent organisations; recalls the importance for the Commission to guarantee independent controls of UNRWA by external experts, the Court and experienced international partners;
161. Notes that the Commission has been working in the last months with UNRWA, to enhance the neutrality processes and control systems in the Agency, in line with findings of the investigations by the UN OIOS on the allegations of involvement of 19 of its staff in the 7 October 2023 attack, and to monitor the application of the action plan presented by UNRWA on the implementation of the recommendations of the Independent Review Group led by former French Minister of Foreign Affairs Colonna to strengthen control and oversight; notes that the Commission has reassessed the Union's 2024 funding decision for UNRWA and that, through an Exchange of Letters between Commissioner Várhelyi and UNRWA Commissioner General Lazzarini in April 2024, the Union reached an agreement about the Union's conditional assistance for UNRWA, linked to a number of milestones in relation to three work streams, including the screening of UNRWA staff, an audit by the Union, as well as the reinforcement of the Department of Internal Investigations and Ethics office; notes that Union assistance was resumed;
162. Recalls the necessity for the Palestinian Authority to remove all educational materials and content that fail to adhere to Unesco standards by the next school year, in particular those that contain antisemitism as defined by the International Holocaust Remembrance Alliance classification endorsed by the Union, incitement to violence, hate speech, and glorification of terrorism; recalls the provisions of previous discharge resolutions; stresses that financial support from the Union for the Palestinian Authority in the area of education should be provided on the condition that textbook content is aligned with Unesco standards, that all anti-Semitic references are deleted, and that examples which incite to hatred and violence are removed, as repeatedly requested in the resolutions accompanying the discharge decisions; recalls the findings of the Georg Eckert Institute's report funded by the Union, which revealed a complex picture on the textbooks; notes that the Union does not fund the Palestinian textbooks, and that neither are they the responsibility of UNRWA, which nevertheless reviews all issued textbooks to address any problematic content;); notes that the Commission will carry out close scrutiny to ensure that no Union funds are allocated, directly or indirectly, to the drafting, teaching, or exposure of such educational materials to Palestinian children, including those provided by UN organisations;
163. Notes DG Neighbourhood and Enlargement Negotiations' acknowledgement in its AAR 2023 that projects in Kyiv received regular visits but security constraints limited on-site monitoring and project visits in other Ukrainian regions; further notes that the constraints on adequately monitoring projects in Ukraine led to a renewed reservation in the 2023 AAR of DG Neighbourhood and Enlargement Negotiations and that corrective actions are being implemented, such as monitoring progress on project implementation through desk reviews, remote solutions and using a service provider;
164. Welcomes that OLAF provides targeted anti-fraud assistance to authorities and supports the accession of Ukraine to the Union Anti-Fraud Programme; notes that the Framework Agreement for the Ukraine Facility, which entered into force in June 2024, provides for legally binding arrangements for the management, control, supervision, monitoring, evaluation, reporting and audit of funds under the Facility, as well as measures to prevent, investigate and correct irregularities, fraud, corruption and conflicts of interest, and provisions on the roles of OLAF and EPPO; welcomes, in addition, that, pursuant to article 36 of the Ukraine Facility Regulation, the Commission established in June 2024 an Audit Board, with the mission of assisting the Commission in assessing the effectiveness of Ukraine's management and control systems regarding the funds provided under the Facility and in fighting mismanagement of Union funding under the Ukraine Facility; calls on the Commission to keep the European Parliament regularly informed about the activities and findings of the Audit Board in order to ensure proper parliamentary oversight;
165. Notes with concern the recent reports on the findings of a draft audit report paid for by the Commission on the Organisation of African, Caribbean and Pacific States (OACPS) Secretariat which allege to suspected fraud, unpaid salaries and further liabilities; notes that as reported the Commission has contributed EUR 3,7 million to the Secretariat in 2023 and is trying to recover EUR 3,6 million as of March 2024; asks the Commission to ensure full transparency and accountability, grant access to the audit report and inform the members of Parliament on the concrete steps taken;

166. Calls on the Commission in line with the Court's recommendations in its opinion 03/2024 to integrate into the new MFF legislative proposal the recommendations of the External Action Guarantee complementing the Commission's evaluation, including increased use of blending (grants) in LDCs, fragile or conflict-affected countries and engaged coordination with stakeholders such as civil society;
167. Is concerned about the allocation of EFSD+ under the new flexible 'Support to Investments' envelope in favour of benefiting countries where the Global Gateway investments are easier to implement at the expense of prioritising LDCs, and fragile and conflict-affected countries; calls for reporting on the volume of EFSD+ amounts allocated and contractualised in these countries and for transparency on how the quota of allocations to LDCs within country MIPs is respected within allocations of the regional MIPs;
168. While recognising the Global Gateway strategy as a concerted Union response to global challenges, reiterates that actions bringing together public and private investment must always be guided by the legal framework as provided by the NDICI Regulation, the Agenda 2030, and the needs of partner countries, as communicated by way of an honest dialogue at eye level; is concerned about inconsistencies surrounding Global Gateway programmes; calls, therefore, for improved transparency, democratic accountability, robust monitoring and evaluation mechanisms in Global Gateway and Team Europe initiatives; calls for a centralised, publicly accessible platform, regularly updated, to detail Global Gateway projects, including their objectives, funding sources, implementing partners, and expected outcomes;

#### **European Development Fund (EDF)**

169. Notes that to audit the regularity of transactions, the Court examined a sample of 140 transactions, representing the full range of spending from the EDFs; notes, furthermore, that this comprised 31 transactions related to the European Union Emergency Trust Fund for Africa, 87 transactions authorised by 14 EU delegations <sup>(21)</sup> and 19 payments approved by Commission headquarters;
170. Notes with concern that, out of the 140 transactions examined, 62 (44,3 %) contained errors, compared to 57 (40,7 %) in 2022 for the same number of transactions; stresses, moreover, that the Court quantified 52 errors (48 in 2022), on the basis of which it estimated the level of error for the financial year 2023 to be 8,9 % (7,1 % in 2022);
171. Highlights with concern that the three most common types of errors in the financial year 2023 related to expenditure not incurred at 45 % (51 % in 2022), to absence of essential supporting documents at 31 % (7 % in 2022) and to ineligible expenditure at 23 % (24 % in 2022);
172. Notes the Commission's replies to written questions to Commissioners Jutta Urpilainen and Oliver Varhelyi that in 2023 approximately 45 % of the total errors are due to excess clearing, a practice where expenditure not incurred is included in the accounts as expenditure incurred, and that therefore such errors are temporary, since they will no longer exist after the final clearings; notes furthermore that, to reduce these temporary errors, the Commission has requested its partners to review their reporting templates to allow for easier identification of incurred expenditure, and that DG International Partnerships launched a special working group to screen the compliance of relevant organisations through a risk management framework; also notes that DG International Partnerships is currently reviewing its control strategy, which aims also to identify how *ex ante* controls can be strengthened and to improve the reporting of the pillar-assessed organisations to the Commission; calls on the Commission to report to the discharge authority on the effects of these actions;
173. Notes that the expected outcomes of DG International Partnerships's ongoing review of its control strategy include the reinforcement of guidance on financial reporting and also on enhanced *ex ante* controls so as to prevent errors including on excess clearing; calls on the Commission to report to the discharge authority on the remedial measures taken upon finalisation of this review;

<sup>(21)</sup> Angola, Benin, Côte d'Ivoire, Fiji, Ghana, Guinea-Bissau, Kenya, Madagascar, Malawi, Mauritius, Mozambique, The Gambia, Togo and Uganda.

174. Is concerned that, as in previous years, some international organisations provided only limited access to documents (e.g. in read-only format), which hindered the planning, execution and quality control of the Court's audit and led to delays; notes that audit and control issues were discussed with UN entities on several occasions, including in the context of joint technical reference group meetings and the relevant EU-UN Financial and Administrative Framework Agreement (FAFA) working group; notes furthermore that the Commission is working with the International Organisations concerned and has intensified communication with them on the Court's access to documents; encourages, as in previous years, the Commission to increase these efforts;
175. Stresses that, according to Court's assessment, the Residual Error Rate (RER) study does not constitute an assurance engagement or an audit and is based on the RER methodology and manual provided by DG International Partnerships; notes that DG International Partnerships clarifies that the RER study is meant to be a key indicator for the estimated financial impact of residual errors, i.e. it measures the proper functioning of the internal control system and thus, demonstrates the Commission's corrective capacity; stresses that, as in previous years, the Court has found limitations in the study; notes, furthermore, the Court's opinion, as in previous years, that the RER methodology allows the contractor to rely entirely on the results of DG International Partnerships' controls, and that relying on the work of other auditors is contrary to the purpose of an RER study; highlights the Court's finding that in cases where these previous checks were carried out under the FAFA between the European Commission and the United Nations, the contractor is not always able to carry out additional substantive testing as the FAFA limits the Commission's verification rights; highlights the Commission's reply which recognised the limitations in terms of controls set in the FAFA; urges the Commission to look for workable solutions to resolve this issue;
176. Recalls that two EUTFs were created under the EDFs; recalls that EUTF for Africa has mobilised over EUR 5 billion, with 88 % of contributions (EUR 4,4 billion) coming from the EDF and the Union budget; deplores that, despite several requests from Parliament, the process of managing and allocating these funds still lacks transparency; is concerned by the Court's findings in its Special Report 17/2024 'The EU trust fund for Africa'. Despite new approaches, support remained unfocused; notes that, despite an innovative approach to identifying human rights risks in a difficult environment, these risks were not comprehensively addressed and that the Court found that the assessment of potential risks to human rights was not comprehensive; recalls that the Commission is unable to identify and report on the most efficient and effective approaches to reducing irregular migration and forced displacements in Africa according to the Court; regrets that the new monitoring system aggregates information from all EUTF projects, but suffers from issues of data accuracy; notes that the Union's Africa trust fund is set to be phased out in 2025;

#### *Recommendations*

177. Calls on the Commission to act on the Court's recommendations:
- (i) as regards the OPSYS application system, formalise and enhance the procedure for granting and removing access rights for system administrators and to standard users, enhance the quality of the new software, and allocate resources needed to enhance its maturity and robustness;
  - (ii) strengthen guidance and controls to ensure that organisations implementing contracts under indirect management, including international organisations, international financial institutions and state agencies, comply with visibility rules;
  - (iii) continue to intensify its communication with international organisations in order to provide the Court with complete, unlimited and timely access to documents necessary to carry out its task in accordance with the TFEU, and not just in read-only format;
  - (iv) put in place adequate *ex ante* and *ex post* control measures in unstable or conflict zones to ensure the proper control of spending of Union funds and ways to recover the Union funds;
  - (v) take measures to improve controls systems for the clearing of pre-financing paid to international organisations;
  - (vi) strengthen *ex ante* controls before accepting expenditure;

178. Furthermore, calls on the Commission to:

- (i) strictly monitor through all available mechanisms and work with UNRWA to ensure the implementation of all agreed actions to guarantee that UNRWA works in full compliance with humanitarian principles and neutrality, including in the forthcoming EU-UNRWA joint declaration and the upcoming financing decisions for conditional Union assistance;
- (ii) ensure that all contracts involving Union funds fully respect applicable Union legislation, including accountability, transparency, and sound financial management, and that this includes verifying that there are no subcontractors, natural persons, participants in workshops and/or trainings or recipients of financial support made to third parties subject to Union restrictive measures or involved in the financing of terrorism or acts of terrorism as well as other acts of hatred and incitement to hatred;
- (iii) increase evidence-based targeting of geographical areas and beneficiaries, and improve the accuracy of reported achievements of future development action, including through the Neighbourhood, Development and International Cooperation Instrument – Global Europe;

### **European public Administration**

- 179. Notes that the Commission is directly responsible for the implementation of 59,1 % of the overall administrative budget of the Union, equivalent to EUR 7,2 billion; further notes that 70 % of the administrative expenditure relates to human resources including pensions while the remaining primarily covers expenditure related to buildings, equipment, energy, communications and IT; notes with satisfaction that also for 2023 the Court concludes that the spending area is low risk;
- 180. Notes that during 2023, 2 152 civil servants left the Commission primarily due to retirement, resignation or the end of their contracts; notes that this represents a relatively high turnover, which should give the Commission ample possibilities to address persistent imbalances in geographical representation throughout the services;
- 181. Encourages the Commission together with the European Personnel Selection Office (EPSO) to ensure that necessary technical systems are put in place as quickly as possible and that processes are accelerated in order for the Commission and other Union institutions to be able to rely on EPSO for the selection of highly qualified and motivated candidates for all types of jobs in the institutions;
- 182. Appreciates that female representation in management positions increased from 46,1 % in December 2022 to 47,8 % in December 2023; encourages the Commission to continue to focus on ensuring and maintaining gender balance on all levels of management;
- 183. Notes with satisfaction that the Commission has implemented policies to enhance work-life balance and staff well-being, including the right to disconnect; at the same time commends that a new decision on the prevention and fight against harassment was adopted which establishes the position of a Chief Confidential Counsellor as key figure in the fight against harassment; stresses the need to provide this position with the appropriate resources to effectively carry out multiple challenging tasks;
- 184. Acknowledges the progress of the Commission with regard to the internalisation of crèche staff;
- 185. Notes with satisfaction that the Commission issued updated versions of the guidelines on ethical standards for participation of the Members of the European Commission in the election campaign to the European Parliament and guidelines for the participation of Members of the Commission in election campaigns at Member State level; further commends that in March 2023, the Commission adopted much needed strengthened rules on missions and costs paid by third parties;
- 186. Stresses the need to ensure that all the Union Institutions in Luxembourg can attract staff to all types of jobs and careers; notes that especially for servants in lower pay grades Luxembourg can be a less attractive option due to the costs of living; notes that with the agreement on the budget for 2025 the first step has been taken by establishing a special housing allowance for staff in lower grades working in Union institutions in Luxembourg;

187. Notes that the Commission has an ambitious goal of reducing the overall office space of the Commission by 25 % and the number of buildings by 50 % by 2030 compared to 2020; notes that the total reduction in overall space reached a little over 83 000 m<sup>2</sup> in 2023, equal to a reduction of 11 %; welcomes that this goal is an important element in the Commission achieving carbon neutrality and reducing administrative costs; stresses that it is important that the reduction in the number of building and office space and the resulting roll-out of collaborative work spaces and other significant administrative changes happens in close cooperation with staff;
188. Is concerned about the severe delays, including delays of up to 6 months, faced by civil servants across the institutions when receiving the reimbursements of healthcare costs under the institutions' sickness insurance scheme; is also concerned about the inadequate treatment of civil servants and MEPs with autoimmune diseases, neurological disorders, COPD (obstructive pulmonary disease), long COVID, undiagnosed and rare diseases by the sickness insurance scheme of the institutions; notes that patients with these symptoms are often not reimbursed for their diagnostic tests;
189. Notes that, in 2023, the Ombudsman launched 398 inquiries concerning the Commission; further notes that during 2023 the Commission received 187 closing decisions without remarks and 17 decisions of maladministration; notes with concern that the Ombudsman receives many citizens' complaints about extreme delays in gaining access to requested documents from the Commission and encourages the Commission to strive to speed up the processing of such requests and further reduce the number of decisions of maladministration and establish clear rules concerning access to all types of written texts whether on paper, email, text messages or any other form of communication, which is part of an administrative process related to Commission policies or decisions; notes that out of the nine investigations related to the Commission concluded by OLAF in 2023, seven were closed with recommendations; calls on the Commission to ensure transparency and accountability in the follow-up to these cases;
190. Expresses deep concern that there has been allegations of corruption linked to the Commission; at the same time deplores that there has been allegations about officials from the Commission that allegedly accepted gifts from a country that the Union was negotiating an agreement with; stresses the need for a clear and systematic approach to ensure that all OLAF cases involving relevant potential criminal offences are promptly referred to the EPPO and the competent national authorities; calls on the Commission to reinforce relevant rules and procedures in order to ensure that all cases are handled in a strict, correct and efficient way;
191. Notes that only very few cases of psychological and sexual harassment have been recognised as such in the past years and expresses concern that this may point to institutional blind spots in the Commission, given the significant number of employees of the institution;
192. Expresses deep concern regarding reports of an ongoing investigation involving the former Commissioner for Justice, who is alleged to have been engaged, during his time in office, in money laundering activities involving funds of unknown origin; calls on the Commission to fully cooperate with the Belgian authorities and to urgently clarify whether these activities were in any way connected to his official duties within the Commission;
193. Calls on the Commission to prioritise permanent staff over external consultants and contractual staff, in order to guarantee high quality working conditions and to prevent knowledge and experience from being lost; calls for flexibility for DGs with a high proportion of seconded national experts (SNE) in the establishment plan to convert SNE posts into temporary agent posts with the aim of ensuring better expertise retention, operational functionality and business continuity; further insists on avoiding the externalisation of tasks to consultancies when available know-how can be found in-house;
194. Notes that, in recent years, the Commission has increasingly outsourced impact assessments to external companies, raising concerns about potential conflicts of interest; calls on the Commission to strengthen provisions to prevent possible conflicts of interest and to provide better guidance to staff handling public procurement procedures for policy-related service contracts;
195. Regrets the alleged espionage organised by the Hungarian Government against OLAF staff during an investigative mission; calls for the swift establishment of robust protection measures to safeguard Union institutional staff on mission in Member States and to prevent any violations;



196. Welcomes the entry into force of Regulation (EU) 2023/2841 of the European Parliament and of the Council <sup>(22)</sup>; takes note of cybersecurity investments, including EUR 30 million allocated to enhancing digital security in the Commission; calls on the Commission to spare no effort in further developing a cybersecurity culture, promoting training and awareness within the Union institution; stresses the importance of continued adequate investments in cybersecurity towards the longer term indicative target in the order of at least 10 % of total IT spending;
197. Reiterates its concern that the significant risks to the security and protection of the registry and operating mechanism of the Union system for greenhouse gas emission allowance trading against cyberattacks have still not been adequately addressed; points out that this issue has been highlighted in the Annual Activity Reports (AARs) since 2010, with reservations raised in each report; notes that this concern is once again emphasised in the Directorate-General for Climate Action's 2023 AAR, further underscoring the persistent failure to prioritise the security of the system;

#### *European Schools*

198. Notes that the European Schools' overall budget for 2023 was EUR 417,5 million primarily funded by the Commission, other Union institutions, Member States and fees from parents; further notes that almost 80 % of the budget was spent on staff costs;
199. Notes with satisfaction that the Court is able to conclude that nothing has come to their attention that causes them to believe that the consolidated accounts for 2023 are not prepared, in all material respects, in accordance with the International Public Sector Accounting Standards;
200. Observes that the Court found some systematic or recurrent weaknesses in payments and related human resources (HR) and procurement procedures including insufficient verification of supporting evidence affecting the regularity of some HR procedures and payments;
201. Calls on the Commission, in particular, to:
  - (i) ensure that Union institutions can rely on EPSO to efficiently organise and complete selection procedures and other staff related procedures in order to provide Union institutions with sufficient highly qualified and motivated candidates for open positions;
  - (ii) explore all possibilities to correct significant geographical and gender imbalances in different categories of the staff;
  - (iii) continue work on measures that will ensure that Union institutions based in Luxembourg can continue to attract highly qualified staff for all types of job profiles;
  - (iv) ensure that the roll-out of collaborative work spaces and other significant administrative changes happens in close cooperation with staff;
  - (v) make more staff available for processing of reimbursement requests for the sickness insurance scheme, to improve staff training and to have better IT software available to process requests more quickly;
  - (vi) act as a role model, particularly for diseases that do not fall into classical fields and rare diseases; urges the Commission to expand their technical knowledge and handling of these cases; urges the Commission to expand the catalogue of tests eligible for reimbursement to include a wider bandwidth for laboratory tests and other diagnostic procedures and exams as well as treatments; urges the Commission to do this promptly;
  - (vii) ensure the rapid introduction of strong protective mechanisms for Union institutional staff on mission in Member States and third countries, safeguarding their rights;
  - (viii) support the European Schools in their implementation, as soon as possible, of recommendations by the Court from previous years and the recommendation from the report concerning the financial year 2023 which asks the schools to perform systematic checks of supporting evidence on allowances paid to seconded staff;

<sup>(22)</sup> Regulation (EU, Euratom) 2023/2841 of the European Parliament and of the Council of 13 December 2023 laying down measures for a high common level of cybersecurity at the institutions, bodies, offices and agencies of the Union (OJ L, 2023/2841, 18.12.2023, ELI: <http://data.europa.eu/eli/reg/2023/2841/oj>).

- (ix) prepare a report analysing the reasons why the vast majority of harassment complaints (requests for assistance) in the Commission are dismissed, most of them without even opening an administrative inquiry, and recommending how such dysfunctionality of the formal procedure can be addressed;
- (x) ensure that as of 2025, requests for assistance in harassment cases are followed up with a proper administrative inquiry by the Investigation and Disciplinary Office (IDOC) or OLAF so as to ensure that harassers are held accountable and sanctioned proportionately to their wrongdoing;

## CHAPTER II

### ***Recovery and Resilience Facility (RRF)***

#### *General remarks*

- 202. Notes that in 2023, 27 recovery and resilience plans (RRPs) were revised, and that these revisions had an impact on the pace of implementation of the existing plans, causing delays; notes at the same time that the political priorities in Member States can change; notes that increased energy prices, high inflation and supply chain disruptions caused by Russia's unprovoked war of aggression against Ukraine, and, in some cases, natural disasters, contributed to the revision of the RRP; underlines that the delays caused by the revisions of the RRP came in addition to existing ones, as shown by the significant differences between the foreseen calendar of payments requests and the actual transmission of these requests by the Member States to the Commission; remains concerned by the risk of under-implementation and of failure to reach the milestones and targets (M&Ts) as agreed in the RRP; emphasises the need for enhanced monitoring mechanisms to ensure that delays do not disproportionately impact key projects;
- 203. Notes that there should be a clear thematic link between reforms and investments and that there may be, in certain cases, a long delay between the creation of the national recovery plans and the completion of milestones and targets; regrets that the RRF design does not allow for sufficient flexibility to respond to emerging crises in a prompt manner;
- 204. Draws attention with utmost concern to the statement of the President of the Court, arguing that approximately half of the RRF disbursements had not reached the real economy, and questions if the other half may have been used either to substitute recurring budgetary expenditure or generate profit to Member States from the increased interest rates;
- 205. Recalls that the RRF is a temporary recovery instrument based on performance, i.e. that payments are linked to the satisfactory fulfilment of M&Ts related to reforms and investments included in the national RRP; stresses that the effectiveness of the RRF must be assessed, not only in terms of disbursement, but also in terms of its ability to generate tangible, long-term improvements of the consequences of the pandemic; recalls that there is no definition in the RRF Regulation of the 'satisfactory fulfilment of M&Ts'; recalls that each national plan should effectively address all or a significant subset of challenges identified in the European Semester, particularly the country-specific recommendations (CSRs) adopted by the Council; notes the fact that, thanks to the RRF, the percentage of CSRs with progress has increased by 17 % between 2021 and 2023;
- 206. Notes that in 2023, the Commission disbursed a total of EUR 75 billion, and additional pre-financing payments of EUR 7,1 billion, which brought the total disbursements by the end of 2023 to EUR 220,8 billion, divided into EUR 141,6 billion in grants (40 % of the total EUR 357 billion for grants under the Recovery and Resilience Facility (RRF) envelope) and EUR 79,2 billion in loans (27 % of the total EUR 291 billion for loans under the RRF envelope); mandates detailed reporting requirements on how Member States allocate funds, preventing substitution of recurring budgetary expenditures, and ensuring funds reach intended beneficiaries;

#### *Court's observations*

- 207. Notes that the Court issued a qualified opinion on the legality and regularity of the RRF expenditure in 2023; is concerned that the Court concluded that seven out of 23 RRF payments made in 2023 were affected by quantitative findings and that six of these payments were affected by material error; notes that in the Court's opinion, except for those matters, the RRF expenditure accepted in the accounts for the year 2023 is legal and regular in all material

respects; notes that the nature of the RRF spending model relies on the assessments of milestones and targets (M&Ts) to be made by the Commission; notes that in 2023, the Court checked 452 M&Ts included in 23 grant payments and that it does not provide an error rate due to the nature of the RRF's spending model but estimates the minimum financial impact of its findings to be above the materiality threshold; is convinced that Member States should also bear responsibility for errors detected in post-disbursement;

208. Expresses deep concern that the Court was unable to verify the actual financial impact of erroneous or ineligible RRF payments due to the inherent limitations of the milestone and target-based assessment model; calls on the Commission to develop a more transparent error-tracking methodology to prevent misallocation and inefficiency;
  
209. Notes that the Court audited 325 out of 542 milestones and 127 out of 135 targets included in 2023 payment requests for grants; regrets that the Court considers that 16 of them were affected by regularity issues (2,4 % of the total); is concerned by the fact that the Court considers that the requirements had not been satisfactorily fulfilled for seven M&Ts in six payments and that the Commission had still made the corresponding payments; notes that the Court's conclusions are based on extensive audit work and regrets that the Commission contests some of the Court's conclusions; notes that all of the RRF payments must be assessed against the framework communicated and applied by the Commission, which must take into consideration for each payment the opinion of the Economic and Financial Committee and the scrutiny by Member State experts under the comitology procedure; requests the Commission to ensure that all disputed payments related to unsatisfactorily fulfilled M&Ts undergo independent external review to strengthen public trust in the process; recommends an introduction of real-time tracking systems for disbursements and expenditures to prevent misallocations under the RRF and the MFF;
  
210. Notes with particular concern that the Court has identified nine potential cases of ineligible M&Ts linked to the continuation of a pre-existing project that either started before the eligibility period, or that were a substitution of recurring national budgetary expenditure; regrets the lack of clarity in the RRF Regulation, and does not share the Commission's interpretation that the eligibility period concerns only the date of start of works on a specific project rather than the beginning of the preparatory or projection phase; regrets that such a view led to measures which were planned before the RRF eligibility period being included in the RRFs, and acknowledges that any measure must respect the scope, objectives and eligibility conditions set by the RRF Regulation; calls on the Commission to implement stricter verification mechanisms to prevent the inclusion of pre-existing projects that do not provide added value under the RRF framework;
  
211. Recalls that RRF funds shall not be used to replace recurring budgetary expenditure, unless in duly justified case; and is preoccupied by the Court's findings that some M&Ts that were a substitution of recurring national budgetary expenditure were not adequately justified in the RRFs;
  
212. Notes with concern the Court's finding that NGEU borrowing may more than double by 2026 while the bulk of repayment is deferred to future MFFs; recalls that the repayment of NGEU borrowing must start before the end of 2027, if unused appropriations remain available in the budget line to cover NGEU financing costs, and be completed by 2058 at the latest; notes that the Union budget exposure at the end of 2023 is expected to rise in 2024 and 2025, mainly due to RRF loans; is concerned that potential changes in market conditions might result in higher borrowing costs which, for the NGEU debt relating to grants, will have to be borne by the Union budget; is concerned that there is to date still no repayment plan for the NGEU common debt, and that the Union's debt continues to rise, with a large share of this increase attributed to the temporary recovery instrument, NGEU; is concerned that the increased debt and the associated higher interest costs will have long-term consequences for the Union's fiscal stability, potentially leading to greater financial strain and a reduced capacity to respond to future challenges or invest in key strategic areas;
  
213. Notes the Court's finding that payments from RRF were lower than expected in 2023; emphasises that the Court has criticised the slow disbursement and absorption of RRF funds; is concerned by the Court's findings in Special Report 13/2024 that absorption of RRF funds has progressed with some delays, that Member States may not be able to complete all measures at the end of the RRF's implementation period for which a significant proportion of funds have already been paid out, and that the second half of the RRF's implementation period is more challenging with an increase in number of M&Ts, a shift from reforms to investments and more advanced stage of implementation, and a high proportion of measures to be completed in the last year;

214. Notes, conversely, that according to the Commission the achievement of M&Ts is broadly on track, as by 31 August 2024, over 40 % of the available RRF funds had been disbursed to Member States, with the disbursement of grants reaching 48 % and loans slightly exceeding 30 %; notes that the pace of payment requests has also accelerated since the second half of 2023 with the revision of the RRP's linked to the introduction of the REPowerEU chapters was finalised in 2023;
215. Notes the Court's findings in Special Report 13/2024 that additional reasons for slow absorption included measures not being suited to the RRF's timeframe and underestimation of the time needed to implement them (due to public procurement and state aid rules); as well as uncertainties on implementing rules and how they should be applied including lacking guidance on the 'do no significant harm' principle (DNSH) and how to ascribe to it;
216. Expresses strong concerns about the Court's observation that point to persistent weaknesses in the implementation of Member States control systems as this poses a risk to the availability of complete and accurate data underlying payment requests, access to those requests for control purposes, and the effective functioning of Member State control systems to protect the Union's financial interests; recalls that, according to the RRF Regulation, Member State control systems have a key role to play in ensuring that the financial interests of the Union are protected effectively; urges the Commission to take decisive and swift action whenever necessary, including imposing financial corrections, and to make full use of the provisions of the RRF Regulation if deficiencies persist in the control systems of Member States;
217. Expresses concern about the Court's findings in Special Report 22/2024 on 'Double funding from the EU budget: Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to cost'; highlights that Member States can propose so-called 'zero cost measures', i.e. measures estimated to have no costs to be financed by the RRF, and for which there is no check at all for double-funding, as the Commission considers that measures which receive no RRF funds are free of risk from that perspective; also notes with concern the Court's findings that from Member States' perspective, the many layers of governance involved including national, regional or municipality level, make coordination and oversight very challenging; is concerned that when checks are performed: (i) they suffer from a very complicated environment with different IT tools used often not interoperable and data recorded in an often non-standardised way, leaving manual cross-checks across databases as the only possible tool to check for double funding; and (ii) Member States' control systems rely to a large extent on self-declarations by recipients of Union funds; notes, however, that the Court did not find any case of double funding;
218. Notes the Commission's observation that, according to the RRF Regulation, double funding is explicitly linked to budgetary costs and thus, there can be no double funding if the Member State has not submitted any cost estimate linked to a specific measure as part of its national plan; notes that the Commission underlines that no-cost reforms do not increase the financial envelope but are nevertheless essential criteria for the Commission's positive assessment of RRP's, as well as their full implementation for the relevant payments; points out that the Commission, shortly after the Court audit field work, acknowledged it had identified the first two potential cases of double funding;
219. Recalls that Article 9 of the RRF Regulation establishes additionality and complementarity between Union programmes and instruments funding as key principles; believes that, to respect these principles but avoid the risk of double financing, the same measures already included in other national plans benefiting from Union funding (e.g. cohesion, agriculture, etc.) should either not be included in RRP's or more thoroughly described, even if they do not incur any costs, in order to avoid double funding; underlines that due to the different model of implementation, double funding between RRF and other Union financing instruments might be more difficult to identify, and urges the Commission to remain vigilant and pro-active in identifying any potential situation of double funding;
220. Regrets the lack of adequate safeguards to prevent double funding of projects under both the RRF and other Union financial instruments; calls for an automated cross-checking system between RRF and cohesion Funds, the Common Agricultural Policy, and other Union funding programmes to detect and eliminate duplicate claims;
221. Expresses concern about the Court's finding in its Review 01/2023: 'EU financing through cohesion policy and the RRF: A comparative analysis' that reporting of fraud involving RRF expenditure still lacks a standardised approach with strong coordination and cooperation between Member States, which are obliged to report on cases of suspected fraud not in an integrated IT system, but in the management declaration accompanying every payment

request, although Member States have also reported cases outside of the management declarations; regrets that there are no clear guidelines about exactly when a case of suspected fraud should be reported, whether there is a reporting threshold, and what standard information should be reported for each case and about the remedial measures taken; furthermore supports the request made by the Court to the Commission in the same Review 01/2023 to obtain sufficient assurance from the Member States on the effectiveness of national systems to prevent, detect and correct fraud, corruption and conflicts of interest;

222. Expresses concerns that in 2023 the Commission had to introduce 10 additional control milestones for seven Member States to address the weaknesses identified in their control systems; reminds and supports the Court's evaluation that the fact control milestones were introduced, which means that Member States systems were not fully functional when the plans started to be implemented, posing a serious risk to the regularity of the of the RRF expenditure and to the protection of financial interests;
223. Regrets the findings of the Court's Special Report 26/2023 that several policy areas in the RRF's pillar containing health policies lack a corresponding common indicator to measure progress; is concerned that this impedes the proper monitoring and understanding of progress made towards achieving milestones and targets linked to health policies;
224. Welcomes that, in 2023, the Commission made progress in eliminating any possibility of misinterpretation of figures of the Recovery and Resilience Scoreboard and that the Scoreboard further addressed the related recommendation of the Court to improve the presentation of data displayed on the Scoreboard and to improve explanations with regard to its limitations, in particular by better explaining the underlying methodologies and explicitly stating, where applicable, that the data is estimated;

#### *Audit and control*

225. Welcomes that, based on the Court's recommendations and the experience gained, the Commission, in 2023, published three methodological notes to clarify the application of the RRF Regulation, including its framework for (i) assessing the satisfactory fulfilment of M&Ts, upon conducting an assessment; and (ii) the application of the provisions related to the reversal of M&Ts, as well as a methodology to determine the amount to be suspended if a milestone or target is not satisfactorily fulfilled; takes note of the updated Guidance on RRFs, adopted on 19 July 2024, which provides additional guidance to ensure the continued adequacy of controls to identify and avoid any risk of double funding as well as the methodology for reductions and recoveries under the RRF in accordance with Article 24(8) of the RRF Regulation;
226. Calls on the Commission to increase the number of *ex post* audits and on-the-ground inspections for RRF-funded projects, particularly in high-risk sectors such as digital infrastructure, energy where previous Union funding programmes have identified significant irregularities;
227. Warns that the inclusion of pre-existing projects and the substitution of recurring budgetary expenditures within the RRF framework undermines the additionality principle, effectively converting the instrument into a backdoor financing mechanism for Member States' regular budgets, rather than fostering genuine post-crisis recovery and resilience; calls for an urgent review to prevent further dilution of the RRF's purpose;
228. Advocates more decisiveness on the part of both the Commission and Member States in order to detect irregularities in the spending of RRF funds and to recover undue payments;
229. Is concerned with the Court's counter-reply to the Commission's replies on the existence of an assurance gap at Union level regarding compliance with Union and national rules on public procurement and State aid; notes that the Commission argues that the assurance provided by Directorate-General for Economic and Financial Affairs covers the effectiveness of Member States' controls on compliance with public procurement and state aid rules. however, stresses that while DG Economic and Financial Affairs' AAR refers to Commission assessments of the existence and effectiveness of Member States' controls, there is no conclusion regarding their effectiveness; expresses concern that, according to the Court, this represents an important limitation of the scope of the Commission's declaration of assurance, meaning that the Commission still does not provide full assurance as to whether RRF expenditure – which the Commission manages directly – complies with the rules;

230. Stresses that delays in disbursement and absorption of RRF funds not only slow down economic recovery but also create substantial risks of last-minute, low-quality spending towards the end of the RRF period; calls on the Commission to introduce stricter interim evaluations to prevent a 'use-it-or-lose-it' rush that could lead to waste and misallocation;
231. Notes with serious concern that Member States may strategically forego their final payment requests to avoid fulfilling politically sensitive milestones and targets, thereby evading necessary but unpopular reforms; calls on the Commission to introduce financial penalties for incomplete RRF implementation to prevent manipulation of the payment structure;
232. Notes that the Commission's replies that it extended the scope of its audit work beyond that required by the RRF Regulation to verify that the control procedures put in place in the Member States give the necessary assurance that Member States regularly and effectively verify compliance with public procurement and State aid rules and eligibility for RRF measures, but disagrees with the Commission's opinion that the conclusions of DG Economic and Financial Affairs' Annual Activity Report cover this;
233. Notes with concern that, as stated by the Commission in its mid-term evaluation of the RRF of 21 February 2024, a majority of Member States consider that the payment suspension methodology remains unclear when it comes to reforms because of the discretion given to the Commission in applying the methodology; urges the Commission to revise this methodology in order to avoid any double standards in its application;
234. Notes that the Commission's IAS, in its audit on *ex ante* controls of the RRF payment requests carried out in 2023, identified a very important issue according to which DG Economic and Financial Affairs, in cooperation with the Recovery and Resilience Task Force, should further develop and formalise the existing guidance for the cases where DG Economic and Financial Affairs requests that Member States make additional commitments concerning action stemming from audit and control milestones, in particular that the guidance should define (i) how DG Economic and Financial Affairs should follow up the fulfilment of the formal confirmation on the Member State's commitment; (ii) the criteria for determining the deadlines for the Member States to fulfil the commitments; and (iii) the relations between the 'commitment framework', the 'framework for assessing M&Ts under the RRF Regulation' and the 'Reversal of M&Ts under the Facility';
235. Notes that the Commission checks during its 'Protection of the Financial Interest of the Union' audits that Member States have a clear and codified process for transmitting cases of fraud, corruption, conflict of interest and double funding to all competent authorities, including the EPPO where relevant;
236. Is concerned by the Court reporting in its annual reports that by the end of 2023, the EPPO had 206 active investigations related to funds used to implement RRF measures and estimated potential damages of over EUR 1,8 billion (concerning both national and Union funding); notes that the 206 open investigations concern ten Member States, with around 75 % of these cases coming from one country; is worried that at the end of 2023 the Member States' management declarations had not reported a single case of detected suspected fraud, meaning that none of the EPPO open cases were reported by Member States themselves, casting doubts on Member States' ability to detect and fight frauds; stresses that, while no investigation has yet been completed, the figures presented by the EPPO confirm that the risk of fraud is present in the RRF, and that they call into question the reliability of Member State management declarations in terms of reporting detected fraud and the remedial measures taken; calls for urgent reinforcement of fraud detection mechanisms, including a mandatory fraud risk assessment for all large-scale RRF projects; calls on the Commission to ensure that the EPPO has adequate resources to investigate cases of fraud related to RRF expenditure, given the increasing number of investigations and high estimated damages;
237. Warns that Member States' self-reported fraud cases under RRF remain significantly underreported, creating a misleading picture of financial integrity;
238. Strongly regrets the lack of transparency in reporting fraud linked to RRF funds and insists that all Member States comply with standardised reporting obligations and use the Irregularity Management System (IMS);
239. Recalls that the Financial Regulation recast in force since 30 September 2024 ('FR recast') provides for the extension of its scope of the Early Detection and Exclusion System (EDES) to shared management and direct management in cases where the budget is implemented with Member States, for programmes adopted or financed as from 1 January 2028; calls on the Commission to act on the most serious grounds for exclusion in order to better protect the financial interests of the Union;

240. Notes that, with a view to reducing the margin between the Commission and the Court, for different interpretations of M&Ts, the Commission has published its approach to the concepts of the start date of a measure and the concept of 'substitution of recurring national budgetary expenditure' as Annex II and Annex III to its 2024 Annual Report on the implementation of the RRF; reiterate its calls on the Commission to keep working with the Court in order to bring the interpretation of M&Ts as close together as possible;

*Implementation and impact*

241. Urges the Commission to minimise risks that Member States might chose not to receive parts or the entire amounts of the last payment request, thus avoiding the fulfilment of the last M&Ts and jeopardising the overall implementation of the RRFs; is extremely concerned about the additional risks of measures being reversed after the RRF lifetime, and urges the Commission, when making the final payments, to ensure that such situations will not occur;
242. Emphasises that, according to the Commission's mid-term evaluation of the RRF of 21 February 2024, Member States highlighted the need to mobilise more resources than initially planned to revise the RRFs, and that the efficiency of the performance-based approach is reduced by the 'excessively complex procedures' for the plan modifications, which do not distinguish between major or minor amendments and require Council approval for any modification;
243. Stresses that for control and audits in the RRF, Member States should put in place arrangements to prevent, detect and correct corruption, fraud and conflicts of interests, and that the Commission performs *ex post* and system audits on M&Ts; stresses that some confusion persists with respect to the role of the Court, which has developed a strategy (2021-2025 Strategy) for carrying out its responsibilities for the NGEU programme and the RRF, which some Member States perceive as an unnecessary overlap and administrative burden; is concerned that the Commission, both in its mid-term evaluation of the RRF of 21 February 2024 and its RRF Annual Report of 10 October 2024, acknowledged that Member States' authorities at all levels found the audit and control procedures to be too complex, and that Member States complained about overlapping audits by national authorities, the Commission and the Court; fully supports the Court work on the RRF; welcomes that the Commission has admitted and accepted that the Court has a full audit mandate on RRF, which is one of the foundation for the Parliament discharge on the RRF funds; recommends to the Member States to cooperate with the European Court of Auditors;
244. Is concerned that the Commission Annual Report of 10 October 2024 on the RRF implementation highlighted the entry costs for Member States' administrations, with room for further simplification; notes, according to this Commission's Annual Report, that concerning the design of the instrument, in the mid-term evaluation Member States referred to the combined obligations linked to (i) the evidence needed to prove fulfilment of M&Ts; (ii) demanding reporting requirements, for example the common indicators and the bi-annual data; and (iii) the audit and control framework; recalls that Member States see room for simplifying control and audit procedures, ensuring better coordination among the actors involved and avoiding multiple checks; also notes, again according to the Commission RRF Annual Report 2024, that some national authorities also pointed to inflexibility in the Commission's assessment of milestones and targets and the rigid and resource-intensive procedures to revise RRFs;
245. Notes that one of the objectives of the RRF is to help Member States to implement ambitious reforms and investments that make their economies and societies more sustainable, resilient and prepared for the green and digital transitions; highlights with concerns the finding of the Court in its Special Report 15/2024 underlining the lack of relevance, quality and comparability of data submitted by the Member States, with data insufficient to evaluate progress on climate adaptation in the Member States, and thus paving the way for possible greenwashing; expresses concern that the RRF could become a financial vehicle for superficial rebranding of conventional expenditures as 'green'; encourages the Commission to introduce a mechanism within the RRF framework to track the environmental impact of investments and ensure alignment with the Union's climate objectives;
246. Highlights the RRF impact on the Union business and SMEs; notes that RRF has provided EUR 78 billion in direct support to SMEs, representing 12 % of total RRF expenditure, and that broader measures benefiting businesses amount to EUR 152 billion (23 % of total RRF spending); notes that EUR 2,75 million SMEs, approximately 11 % of all active SMEs in the Union, have received support through the RRF; underlines that nearly 600 000 businesses have benefited from digitalisation initiatives, while EUR 5,2 billion have been allocated to green transition projects, including renewable energy and hydrogen;

247. Highlights with concern that the facilitation of cross-border projects has not worked out; deplores that, despite the inclusion in the RRFs of several measures linked to Important Projects of Common Interest (IPCEIs) and cross-border measures in the REPowerEU chapters, the national governance of the Facility has not sufficiently promoted cross-border cooperation; strongly insists that Union financing should be better linked with the achievement of common Union objectives and should generate EU added value;
248. Emphasises that the Commission Annual Report of 10 October 2024 on the RRF implementation acknowledged the insufficient involvement of Member States of regional and local authorities, civil society organisations, social partners, and other relevant stakeholders in the preparation and the implementation of the national RRFs; calls for their close involvement in the implementation of the national RRFs on the ground;
249. Urges the Commission not to approve any revision of RRFs, which may lead to a re-packaging of planned reforms or investments into the RRFs if they don't respect the conditions of the RRF Regulation; notes that any revision should always aim to create added value and increase synergies;

#### *Transparency*

250. Recalls that, while Member States are not required to publish all data on final recipients, Regulation (EU) 2023/435 of the European Parliament and of the Council <sup>(23)</sup> amending the RRF Regulation requires Member States to publish information on the 100 final recipients receiving the highest amount of funding under the RRF; welcomes that on 10 October 2024, the Commission published, as part of the RRF Annual Report 2024, a dedicated Annex to provide further clarity on the concept of final recipients under the RRF Regulation and the scope of the publication of data on the largest 100 final recipients; expresses deep concern over the interpretation of the Commission of the concept of 'final recipient' under the RRF, as often they are listed only at the ministry level, and that the descriptions are vague, with many examples available in almost all lists provided by Member States; reiterates its demand that the list of 100 largest final recipients provides the factual natural person or entity that is the last in a chain of money transfers to be made available in a publicly accessible database to enhance accountability and enable independent oversight, while respecting the legal framework of Union data protection; is concerned that otherwise it will be problematic to measure the impact and guarantee visibility of the RRF funds to the citizens, although also takes into account the RRF Scoreboard and the project map; stresses that, should the Commission continue to refuse to ensure full transparency, Parliament must consider all available measures to enforce compliance, to prevent a similar interpretation from being applied to the transparency provisions in other financial regulations;
251. Reminds the Commission that the letter and spirit of the RRF Regulation must be strictly followed, and that the adoption of guidelines or other internal documents must be fully in line with the results of the negotiations between the co-legislators; is convinced that this has not been the case when the Commission adopted the provisions related to the interpretation of what a 'final recipient' is in its Guidance on RRFs in the context of REPowerEU;
252. Notes that not being able to ascertain final recipients of RRF funding poses a severe risk to the transparency and traceability of Union funds and thus to the protection of the financial interests of the Union;
253. Recalls that a robust IT infrastructure is essential for data collection, programme monitoring and evaluation, and that managing authorities and beneficiaries are critical of the level of information required and duplication with other domestic systems; notes that, in contrast to the Cohesion Policy, the Court under the RRF pointed to the different structures and approaches used by national monitoring authorities, which could be perceived as less reliable by providing non-homogeneous information and leaving room for a potentially high number of errors; stresses that, in this respect, centralised interoperable systems facilitate efficient data collection and reporting, while fragmented systems underscore the need for streamlined approaches;

<sup>(23)</sup> Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC (OJ L 63, 28.2.2023, p. 1, ELI: <http://data.europa.eu/eli/reg/2023/435/oj>).



254. Welcomes that the 'FR recast' establishes horizontal measures for a centralised website (Financial Transparency System) at Union level, covering all recipients of Union funding, and notes that this website is due to overcome the current fragmentation, enhance transparency, and facilitate public scrutiny of recipients; notes that the Commission, as from the next MFF (i.e. post 2027) will be required to use the relevant data stored in the data mining and risk-scoring tool, Arachne, to feed the centralised website for transparency purposes, and that, in line with data protection rules, the website will include only public data, e.g. relevant data on recipients, contractors, subcontractors, and beneficiaries; further stresses that all Member States will have an obligation to provide the Commission with access to this data, to be fed into Arachne by automated means; regrets that the use of Arachne by Member States is not compulsory;
255. Notes that the final M&T of the national RRP must be completed by 31 August 2026 according to Articles 18(4) and 20(5) of the Regulation; recalls the need for the Commission to work closely with every Member State to speed up implementation on the ground including through providing regular guidance and, upon request, technical assistance to help the implementation of the plans; re-iterates its concerns about the possibility of the reversal of M&Ts after the lifetime of the RRF, and urges the Commission to prevent such situations;
256. Calls on the Commission to reject any request of revision of RRP which would lower the overall ambition of the plan or would eliminate important structural reforms from the RRP, and to prioritise the completion of measures related to CSRs in RRP; further calls on the Commission to step up its technical assistance to Member States lagging behind in the RRF implementation;

#### *Recommendations*

257. Calls on the Commission to act on the Court's recommendations from its Annual Report as well as those of its related special reports, and welcomes that the Commission accepts the vast majority of them; calls on the Commission to implement them and to keep the discharge authority informed on the progress of the implementation;
258. Calls on the Commission to grant full access to the Court to the new reporting tool on the Recovery and Resilience Facility (RRF), FENIX as soon as possible;
259. Furthermore, calls on the Commission to:
  - (i) carefully balance auditing and control requirements with the administrative burden imposed on Member States and beneficiaries of future performance-based instruments, while maintaining a sufficient level of control and audit that would grant a solid protection of the Union financial interests;
  - (ii) closely monitor the continued fulfilment of M&Ts, in particular those related to audit, monitoring and control and ensure an adequate monitoring of any potential reversal of previously completed M&Ts;
  - (iii) use the results of its checks on Member States control systems to express a clear conclusion on their effectiveness and take all appropriate measures;
  - (iv) establish one single contact point for Member States on the Statement of Assurance at the Commission to which the Court can have access without further burdening Member States with requests for additional proofs;
  - (v) record and monitor systematically all irregularities and all frauds affecting RRF funds;
  - (vi) consistently and accurately apply the provisions related to the 'final recipients', of the RRF Regulation, by revising its Guidance on RRP in the context of REPowerEU, and to communicate with Member States on the correct application of the definition of 'final recipients'; calls on the Commission to come forward with proposals requiring Member States to publish details of all final recipients;
  - (vii) streamline its control on the M&Ts through the implementation of a Single Audit approach, which would allow reduction of the administrative burden, the consolidation of audit responsibilities between the Commission and the Court, the coordination of audit timelines and requirements to avoid duplication and overlapping controls and audits, but at the same time ensuring the full protection of the Union financial interests;

- (viii) support Member States in making IT systems truly interoperable, so as to facilitate efficient data collection, reporting and exchange between various government departments and agencies to allow the minimisation of the risks of double funding, actively cross-check between relevant databases, and communicate with Member States about their administrative capacities to ensure double funding does not occur; notes in this regard, the positive examples provided at the Court Conference on Transparency and Traceability of EU Recovery and Resilience Funding in October 2024;
- (ix) work closely with Member States to ensure that M&Ts, in particular those of a structural nature or linked with CSRs, are fully and diligently implemented, and that no revision of RRP's will be approved in cases where ambition has been lowered or important measures have been weakened; avoid, to the extent possible, the revision of plans that would represent a 're-packaging' of planned measures into the RRP's if they don't respect the conditions of the RRF Regulation;
- (x) strictly apply the provisions of the RRF Regulation, including those regarding suspension of payments or recoveries of amounts, in particular if the protection of the financial interests of the Union is not ensured;
- (xi) apply very strictly the methodology on partial payments, including as regards structural measures and measures linked to the implementation of CSRs;
- (xii) develop a methodology based on quality and comparability of data to evaluate progress on green and digital transitions, as well as the tangible benefits, in the Member States;
- (xiii) ensure that Member States diligently apply the visibility provisions of the RRF, making sure that measures implemented through the Facility are adequately flagged as funded by the Union;
- (xiv) provide technical assistance, administrative support and advice to Member States to strengthen their administrative capacity, including through the organisation of regular meetings of the Informal Expert Group on the implementation of the RRF to discuss technical aspects and encourage the exchange of good practices amongst national authorities;
- (xv) perform, whenever a revision of the RRP's is proposed, a comprehensive analysis of new and existing measures and whether they would substitute recurring budgetary expenditure or would be in breach of other eligibility conditions of the RRP's;
- (xvi) provide training and support to Member States to increase administrative capacities including training on specialised skills, knowledge and providing examples of best practices;
- (xvii) keep working with the Court in order to bring the interpretation of M&Ts as close together as possible;
- (xviii) use the recommendations of the Court from its work on the RRF and the experience gained in the implementation for the design of the next multiannual financial framework architecture including the implementation of future Union performance-based instruments;
- (xix) strengthen the design of future performance-based instruments by ensuring a closer link between disbursements and progress in implementation;
- (xx) ensure that any future revision, as well as the overall implementation, of RRP's is done in close cooperation with and consultation of local and regional authorities, and other relevant stakeholders in order to maximise the RRP's impact;
- (xxi) analyse the weaknesses present in performance-based instruments, and address these weaknesses when designing new programmes in the future;
- (xxii) build, in the next MFF, on a high-level of interoperability and data exchange between various government departments and agencies to facilitate efficient data sharing and real-time updates across multiple platforms in order to allow to track overlapping projects, minimising the risks of double counting and double funding.