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RESOLUTION (EU) 2026/1577 OF THE EUROPEAN PARLIAMENT

of 29 April 2026

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 2024, Section III – Commission and 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 2024, 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 2024,

— 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, Climate and Food Safety, 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 and 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 (A10-0085/2026),

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 [1] 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 (DG INTPA) with a small proportion (7 %) of the 2023 EDF expenditure being managed by the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR);

Political priorities

1. Stresses the importance of respect for the Union's fundamental values and principles as defined 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 puts special emphasis on the principle of the rule of law as set out in Article 2 TEU, the principle of sound financial management as set out in Article 317 TFEU and the combatting of fraud and the protection of the financial interests of the Union as set out in Article 325 TFEU;

2. Recalls that respect for the rule of law and fundamental rights is a precondition for sound financial management of the Union budget and that the Commission has a wide range of instruments at its disposal to ensure respect for these principles; notes with serious concern the continued backsliding with regard to the rule of law and systemic corruption and attacks on fundamental rights in several Member States, with direct implications for the sound management of Union funds, notes that the lack of Union funds has an alarming effect on the provision of public

[1] The 11th EDF covers the 2021-2027 MFF.

services; highlights in particular the deteriorating situation in Hungary, marked by widespread corruption and entrenched oligarchic networks, which requires continued attention; deplores that, while problems persist or worsen, the pressure exerted by the Commission to induce meaningful reforms has diminished as the amounts of funds that remain frozen are decreasing; stresses that the Commission needs to move beyond monitoring and to make full and consistent use of the available instruments to suspend or protect Union funding where rule of law deficiencies affect sound financial management in all Member States concerned; stresses that respect for the rule of law must apply to all participants in Union programmes, including third countries;

3. Reiterates the paramount importance of protecting the rights of the child in all actions of the Union; expresses grave concern over the findings of the United Nations Independent International Commission of Inquiry on Ukraine regarding the deportation and forcible transfer of Ukrainian children to Russia, as documented in its reports; underlines the need for the European Union, within its competences, to act as a constructive and reliable actor within the international legal and institutional framework, contributing to multilateral efforts aimed at identifying affected children, clarifying their whereabouts, supporting family tracing and reunification, and facilitating their safe return, in accordance with international law and the best interests of the child; stresses that Union policies and funding instruments should consistently support international cooperation for the protection of children's rights, access to remedies, rehabilitation and reintegration, as well as accountability for serious violations of international humanitarian law and international human rights law;

4. Welcomes that the European Court of Auditors (the Court) for the financial year 2024 has again issued a clean opinion concerning the reliability of the accounts and the legality and regularity of revenue; at the same time, deplores that the Court has had to issue an adverse opinion on the legality and regularity of Union budget expenditure, for the sixth consecutive year, and a qualified opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility (RRF);

5. Notes that the Court highlights several issues in its Annual Report for 2024 that give cause for serious concern; welcomes that the overall error rate has declined from 5,6 % for 2023 to 3,6 % for 2024; stresses, however, that this decrease should be interpreted with caution, as it may not necessarily reflect an improvement in the financial management or in the effectiveness of control systems but could also be influenced by contextual factors such as the end of COVID-19 related emergency spending, a comparatively low level of budgetary implementation in 2024 and the early stage of implementation of the 2021-2027 MFF; is particularly concerned that while the error rate for the heading 'Cohesion, resilience and values' has decreased from 9,3 % to 5,7 %, it is still well above the materiality threshold of 2 % with the Court continuing to identify weaknesses in control and detection systems on both the Commission's and the Member States' side; expresses concern that the recurrent nature of these findings risks normalising the current level of error in cohesion policy; expresses serious concern in this context about proposals to introduce a new spending model under the next MFF that would rely even more heavily on Member States' control systems, while the underlying causes of persistently high error rates do not yet appear to have been adequately addressed; recalls that cohesion policy remains a fundamental instrument of the Union for promoting economic, social and territorial convergence and supporting balanced development across regions, and stresses that any future reform of spending models must preserve the objectives, predictability and dedicated budgetary framework of cohesion policy;

6. Expresses deep concern about the persistent shortcomings in the implementation of the RRF; notes that the Court has issued a qualified opinion on the legality and regularity of RRF expenditure for the third consecutive year and that it estimates the minimum financial impact of its findings to be above the materiality threshold; underlines the serious audit and control deficiencies identified by the Court, which continue to undermine assurance over the regular use of RRF funds; is particularly concerned about the significant accountability gap resulting from the lack of reliable and complete information on final beneficiaries of Union funding, due in particular to the Commission's interpretation of the concept of 'final recipient' under the RRF, which contradicts the existing legislation; recalls that Parliament has repeatedly raised serious concerns in previous discharge resolutions regarding the RRF, including on the transparency of final beneficiaries; considers that the Commission should start infringement proceedings; also considers that the Commission should act without undue delay and fully exercise its powers as guardian of the Treaties against Member States to ensure that citizens and stakeholders have full access to this information; should it fail to do so, Parliament will consider all appropriate measures within its prerogatives to ensure compliance, including legal action;

7. Notes with concern that the current implementation rate for the cohesion funds is significantly lower than the implementation rate during the previous MFF 2014-2020, which coincides with the fact that only around 50 % of funds under the RRF had been disbursed by the end of 2024, implying that the remaining 50 % of the funds must be disbursed before then end of the RRF implementation period in December 2026; notes with concern that the total amount of outstanding Union bonds rose to EUR 578,2 billion at the end of 2024 and notes with concern the Court's estimates that this amount could reach EUR 900 billion by the end of 2027, which will place a significant burden on future MFFs due to the associated interest payments and principal repayments; notes that the sustainability of Union debt must be factored into all future budgetary decisions;

8. Stresses that transparency is not an abstract governance principle but a core element of an effective control environment; underlines that incomplete documentation, inconsistent registration practices or reliance on informal communication channels directly weaken audit trails and hinder the discharge authority's capacity to assess legality, regularity and sound financial management; in that regard regrets that there have been numerous examples over the last years where the Commission failed to live up to reasonable standards of transparency and takes note of the judgment of the General Court in Case T-36/23 ([2]), *Stevi and The New York Times* v *Commission*; recalls that under Regulation (EC) No 1049/2001 of the European Parliament and of the Council ([3]) text messages sent or received by Union officials will only be qualified as documents if they concern Union policy or decisions; emphasises that the Commission should ensure transparency practices meet high governance standards to guarantee that the discharge authority can fully assess legality, regularity, and sound financial management of the Union budget; notes the importance of timely responses to access-to-documents requests; encourages the Commission to strengthen its procedures to ensure that oversight bodies can fully assess legality, regularity and sound financial management; considers that failures to ensure proper documentation and transparency at senior leadership level risk undermining public trust, institutional accountability and the credibility of the Commission as guardian of the Treaties; calls on the Commission leadership to ensure full compliance with transparency obligations, proper registration of all work-related communications, including at the level of the President and Members of the College, and to strengthen internal procedures and accountability mechanisms in order to prevent similar shortcomings in the future;

9. Notes that a former Prime Minister of Czechia was found to have been in a situation of a conflict of interest during his previous term in office which led to the suspension and financial correction of Union funding; takes note of public statements by the Prime Minister, indicating an intention to relinquish ownership and control of business interests potentially benefiting from Union funds through the creation of an allegedly irreversible trust arrangement; recalls the importance of establishing verifiable legal arrangements to prevent any risk that Union funds could benefit private business interests of public office holders; underlines that Member States should ensure that effective safeguards are in place to uphold transparency, including on disclosure of beneficial ownership information, integrity and sound financial management of Union funds;

10. Stresses that Members of the Commission must meet the highest standards of integrity, independence and accountability, both in their current functions and in their previous roles; notes with concern that several senior management positions remained vacant in DG NEAR during the period in which the current Commissioner for Health and Animal Welfare was responsible for this Directorate-General in his capacity as Commissioner for Neighbourhood and Enlargement, and notes that the information provided by the Commission in this regard during the exchange of views with the discharge authority was inaccurate; stresses that the Commission must ensure that all Members of the College meet the standards of integrity, independence and professional conduct required in order to exercise their responsibilities, particularly where those responsibilities involve the management of politically sensitive portfolios and significant Union funds; considers that, taken together, the past serious and prolonged management failures in DG NEAR, the provision of inaccurate information to Parliament in the context of the discharge procedure, and the additional concerns relating to conduct and independence outlined above demonstrate a pattern that is incompatible with the standards of accountability, reliability and sound administration required of a Member of the Commission;

([2]) Judgment of the General Court of 14 May 2025, *Matina Stevi and The New York Times Company* v *European Commission*, T-36/23, ECLI:EU:T:2025:483.

([3]) Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43, ELI: http://data.europa.eu/eli/reg/2001/1049/oj).

11. Stresses that the Commission must act in a fully impartial and transparent manner, which includes eliminating conflicts of interest, providing clear accountability for the management of Union funds and complying with its own guidelines on the rule of law; calls on the Commission to strengthen transparency and accountability regarding the appointment and activities of its special advisers by systematically publishing detailed information on their selection criteria, mandate, tasks, duration of assignment, remuneration, and declarations of interests; stresses that special advisers may exercise significant influence on policy development and therefore must be subject to clear governance standards, regular reporting obligations and proactive disclosure in line with the principles of sound financial management and Article 15(3) TFEU;

12. Stresses that the Commission's follow-up actions cannot lead to an extension of its competences beyond the scope provided for in the Treaties,

13. Notes that, in several special reports over the last years, the Court has identified shortcomings in the Commission's methodology for estimating the climate effects of Union spending which have led to systemic overestimation by the use of *ex ante* tagging systems based on the expected effect of activities and which do not factor in actual results; stresses that limitations of current methodologies may affect the reliability of reported figures and have implications for the discharge authority's assessment of performance; further notes that the current methodologies for tracking climate and biodiversity expenditure do not fully capture all effects of Union activities, including certain measures under the common agricultural policy; notes that the application of the Do No Significant Harm (DNSH) principle helps prevent the implementation of non-compliant measures; emphasises that such methodological limitations can create accountability challenges for the discharge authority; underlines that Parliament's ability to exercise effective budgetary control depends on transparent, verifiable and project-level evidence of environmental compliance and impact;

14. Recalls that the Commission's 2024 review of NGO grant agreements found no breaches of the law; nevertheless, underlines that any recipient of Union funding, including NGOs, should be subject to robust, proportionate and risk-based scrutiny and transparency requirements, in line with legal provisions and sound financial management; stresses that budgetary control, safeguards and transparency requirements must be applied in a neutral, proportionate and evidence-based way, ensuring that transparency and oversight apply effectively across all categories of beneficiaries and that the scrutiny is risk-based; emphasises that the lack of transparency undermines trust in the discharge process and that effective scrutiny requires the application of equivalent standards to all beneficiaries; takes note of the Court's findings in its Special Report 11/2025 'Transparency of EU funding granted to NGOs';

15. Notes that, under the Treaties, civil society organisations are legitimate beneficiaries of Union funding and frequently support the attainment of Union objectives; stresses that budgetary control, safeguards and transparency requirements must be applied in a neutral, proportionate and evidence-based way, with due regard for legal certainty; highlights that selective transparency can undermine confidence in the discharge process, and that effective scrutiny requires the consistent application of comparable standards to all beneficiaries; takes note of the Scrutiny Working Group established within Parliament in this regard;

16. Recalls the crucial role of civil society organisations (CSOs) 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, in compliance with the Financial Regulation, to exercise these functions, as provided in Article 11 of the Treaty on European Union;

17. Welcomes that due to the urgent need to boost the Union's defence capabilities, the number and volume of Union defence funding instruments has increased since the start of Russia's illegal war of aggression against Ukraine; considers that defence and support for Ukraine must be treated as the budgetary priority in the current geopolitical context and that adequate resources should be allocated to meet this objective; underlines the need for a comprehensive Union approach to security and defence funding, responding to both conventional military threats and non-conventional threats, including hybrid threats, such as those related to artificial intelligence, drones and cyber-attacks; considers that technologies that provide the greatest operational advantage should be prioritised in the funding of technologies; underlines that democratic accountability, auditability and transparency must increase

in parallel with expenditure, while recognising that legitimate security requirements may limit the disclosure of certain sensitive information, without reducing the overall capacity of the discharge authority to exercise effective oversight; stresses the need for further improvement of the transparency of Union defence funding, including by ensuring audit arrangements proportionate to the sensitivity of defence activities but fully ensuring effective oversight, and by guaranteeing that the discharge authority can exercise democratic scrutiny of all Union-funded activities, during the adoption, design and implementation phases;

18. Highlights that equality is a founding value of the Union and is enshrined in the Charter of Fundamental Rights of the European Union (the Charter); recalls the commitment of the Union to gender mainstreaming in its policymaking and implementation of Union funds, including gender budgeting;

19. 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;

20. Recalls the importance of ensuring that Union funds are allocated and implemented in full compliance with the Financial Regulation and the Union's fundamental values; stresses the need for appropriate oversight, transparency and safeguards to prevent fraud, conflicts of interest, corruption, double funding, money laundering and misuse of funds, including by beneficiaries whose activities are incompatible with the Union's values; highlights in this framework the key role played by the anti-fraud architecture of the Union as a whole and expresses some concerns about the refusal of some Member States to cooperate with one of its elements, notably the European Public Prosecutor's Office (EPPO);

Key recommendations

21. Calls on the Commission, in particular, to:

(i) urgently reassess and address the deterioration of the rule of law and risks to the Union budget in Hungary, and take all necessary actions in accordance with the Conditionality Regulation and other available tools, including full suspension of Union funds;

(ii) consistently and accurately apply the provisions related to the 'final recipients', of Regulation (EU) 2021/241 of the European Parliament and of the Council ([4]) (the RRF Regulation), by revising its Guidance on RRPs, to communicate with Member States on the correct application of the definition of 'final recipients', to ensure Member States collect and provide information on the last entities receiving funds, excluding intermediary entities such as ministries or managing authorities, and making this information available to the discharge authority by the last RRF payment disbursement submission deadline, and start infringement proceedings if necessary;

(iii) publish the list of final recipients and contractors across all instruments in a harmonised, machine-readable format;

(iv) ensure compliance with Union rules on access to documents, including text messages, while recognising that institutional communications of public interest should be made accessible in a proportionate manner and respecting the legal and security requirements, in order to safeguard democratic oversight and accountability;

(v) ensure that no Union funds are paid, directly or indirectly, to beneficiaries, including those related to members of the European Council, where a conflict of interest has been identified and has not been demonstrably and verifiably resolved, in accordance with the applicable Union rules and safeguards;

(vi) ensure that all Commissioners and senior officials exercise their functions in full compliance with Union rules on integrity, conflicts of interest and sound administration;

([4]) 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).

(vii) adequately apply the control framework for the Union expenditure related to climate and biodiversity objectives, including a proportionate verification mechanism, timely reporting of project-level climate data and transparent communication on environmentally impacts, in line with the Court's recommendations and with due regard for operational feasibility and economic competitiveness; improve the monitoring and reporting of results, beyond mere spending targets, with a view to maximising the impact of Union climate and biodiversity funding;

(viii) examine, in line with the Financial Regulation, any potentially fraudulent or irregular beneficiaries; recalls the importance of appropriate oversight of Union funding, with particular attention to respect for the Union's fundamental values, and the Commission's legal obligation to ensure that beneficiaries uphold these values and refrain from professional misconduct;

(ix) ensure that the EPPO has adequate resources to investigate cases of fraud related to Union funding, including RRF expenditure, given the increasing number of investigations and high estimated damages;

(x) continue the efforts made in gender budgeting and in tracking the impact of the Union budget in fostering gender equality;

CHAPTER I

Multi-annual Financial Framework (MFF)

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

Reliability of the accounts

22. Welcomes the Court's conclusion in its annual report on the implementation of the budget for the financial year 2024 [5], 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;

23. Notes that on 31 December 2024, total liabilities amounted to EUR 827,3 billion, and total assets amounted to EUR 518,5 billion; notes that the resulting difference of EUR 308,8 billion represents the Union's negative net assets, which reflects the debt and the share of expenditure already incurred by 31 December 2024 that must be financed by future budgets; further notes that the negative economic result for 2024 totalled EUR 97,2 billion, with amounts expensed for NextGenerationEU (NGEU) contributing significantly both to the negative net asset position and to the economic result;

24. Notes that at the end of 2024, the estimated value of incurred but not yet claimed eligible expenses due to beneficiaries, recorded as accrued expenses, was EUR 160,7 billion (2023: EUR 155,2 billion), of which EUR 7,9 billion is related to RRF forecasted future payments;

25. Welcomes the Court's conclusion that the assets, liabilities, revenue and expenses, including those related to 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

26. 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;

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(5) Annual reports on the implementation of the EU budget and on the activities funded by the 9th, 10th and 11th European Development Funds for the 2024 financial year (OJ C, C/2025/5409, 8.10.2025, ELI: http://data.europa.eu/eli/C/2025/5409/oj).

Legality and regularity of Union expenditure

27. Strongly regrets the adverse opinion on the legality and regularity of the Union budget expenditure issued by the Court for the sixth year in a row; recalls that the discharge authority continues to closely monitor developments and that it reassesses the situation in the context of the discharge procedure; underlines the importance of continued and sustained efforts to address the underlying weaknesses and to strengthen the financial management and the control mechanisms of both the Commission and Member States; notes the difficulties for the discharge authority when the Court of Auditors and the Commission apply different legal and methodological definitions;

28. Welcome the decrease in the Court's estimation of the level of error to 3,6 % in 2024 expenditure, a two percentage point decrease from 5,6 % in 2023; notes with concern that the Court continues to detect substantial issues in reimbursement-based expenditure which are the biggest contributor to the overall error rate where the estimated level of error is 5,7 %; notes that the effect of the errors found by the Court is estimated to be both material and pervasive;

29. Notes that the Commission's 2024 estimates of the risk at payment, covering all MFF headings except Heading 3, are consistently lower than the Court's confidence intervals, particularly for Headings 2 and 6, considers that this also reflects the significant methodological and mandate-related differences between the two institutions;

30. Notes that, unlike the Court, which must report all errors regardless of whether a financial correction is possible, the Commission only reports irregularities for which it considers recoveries are legally justified; recalls that in accordance with the Common Provisions Regulation (CPR), the Commission considers by 'irregularity' any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget, whereas the Court's definition of 'error' includes all payments made without meeting the required conditions; reiterates its concern that the Commission and the Court, owing to their distinct institutional roles, apply different legal interpretations and methodological definitions, which may create confusion; is concerned that the Commission may systematically underestimate the existing error level; expresses its support for the development of a common audit approach and methodology;

31. Stresses the importance of ensuring that public authorities effectively recover amounts unduly lost through fraud, evasion, irregularities and administrative fragmentation, as an essential element of protecting public finances; calls on the Commission to enhance transparency by publishing clear, annual information on recoveries, financial corrections and confiscations linked to Union spending and enforcement cooperation, presented in a coherent and accessible manner that supports accountability while avoiding an unnecessary administrative burden;

32. Reiterates its concern over the Court's observation that the Commission's risk assessment is likely to underestimate the actual level of risk in several areas; notes that weaknesses identified in certain management and control systems may affect the overall reliability of audit conclusions; highlights the need to ensure robust oversight across management modes; welcomes that, as of 2025, the Court will discontinue the practice of selecting audit samples from transactions already reviewed by the Commission or national audit authorities, a change rendered necessary because this approach, though expected to reveal few or no errors, has repeatedly proven unreliable; underlines that this development raises serious doubts about the effectiveness of the Union's control systems and reinforces Parliament's longstanding call for reliable assurance mechanisms across all management modes;

33. Urges the Commission to accelerate the deployment of interoperable anti-fraud and data-mining tools across management modes, enabling cross-checks on beneficial ownership, procurement risk indicators and double funding signals; urges the Commission to report annually to the discharge authority on the coverage and effectiveness of these tools including uptake by managing authorities; reiterates the urgent need for the mandatory use of data mining and artificial intelligence tools to effectively combat fraud and irregularities;

34. Underlines that the estimated level of error in the Union's expenditure, as reported in the Court's statement of assurance, reflects payments that, according to the Court's assessment, did not fully comply with the applicable rules and conditions; considers that, although this is not an indicator of fraud or corruption and does not automatically imply a wasteful use of resources, rather it highlights areas where corrective measures can reinforce the proper application of rules and effectively protect the Union's financial interest; regrets that persistent levels of error, while often technical in nature, may nevertheless undermine public confidence in the sound financial management of the Union budget;

35. Recalls that, as set out in the Treaties, 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;

36. Recalls that the Commission bears primary responsibility for preventing and detecting fraud affecting the Union's financial interests; notes that the Court of Auditors, in line with its mandate, must report any cases of irregularity identified during its audit work; further notes that the Court refers suspicions of criminal offences falling under the competence of the EPPO and suspicions of fraud, corruption or other illegal activities to the European Anti-Fraud Office (OLAF); notes that in 2024 the Court reported 19 cases of suspected fraud to OLAF and, in parallel, transmitted seven of these cases to the EPPO, which have so far resulted in six OLAF investigations and seven EPPO investigations; commends the Court for its systematic reporting to OLAF and the EPPO, especially given that information stemming from audit activities carries a high degree of reliability; stresses that all cases of irregular expenditure identified by the Court should be reported to OLAF and the EPPO, leaving it to these competent bodies to assess whether there is fraudulent intent warranting further investigation; underlines the importance of continued coordination between the Commission, OLAF, EPPO and the Court to ensure timely and effective follow-up of all reported cases, in line with their respective mandates; reiterates the need for the Commission to equip these bodies with adequate resources to guarantee fully effective cross-border investigation and detection capabilities; recalls the importance of full operational independence of EPPO and OLAF;

Budgetary and financial management

37. Notes that the mid-term revision of the MFF, adopted in February 2024, introduced a revised technical adjustment which increased the 2024 ceiling for commitment appropriations from EUR 186,0 billion to EUR 186,8 billion, and raised the level of payment appropriations by EUR 7,1 billion, bringing the final payment appropriation budget to EUR 149,7 billion, while maintaining the overall payment ceiling at EUR 170,5 billion; further notes that the revision also established the Ukraine Reserve and the European Union Recovery Instrument (EURI) as new special instruments placed outside the MFF ceilings;

38. Notes that the budgetary authority initially approved a Union budget for 2024 of EUR 189,4 billion in commitment appropriations; notes that five amending budgets adopted during the year resulted in a net increase of EUR 5,9 billion, bringing total commitments to EUR 195,3 billion, thereby exceeding the MFF ceiling of EUR 186,8 billion; underlines that this was made possible through the use of MFF special instruments, which provide additional resources beyond the ceilings to address emerging or unforeseen needs;

39. Notes that the absorption of the 2014-2020 European Structural and Investment Funds (ESIF) has reached an advanced stage, with total payments amounting to EUR 475,2 billion, corresponding to 97,0 % of the EUR 489,9 billion available under the programmes; welcomes the fact that 21 Member States have exceeded a 95,0 % absorption rate for the 2014-2020 programming period, demonstrating strong implementation capacity as the period approaches closure;

40. Underlines that the cumulative absorption rates presented by the Commission, based on prefinancing and interim payments made to Member States, do not fully reflect the progress of project implementation on the ground, as they do not capture the total amounts disbursed by national authorities to final beneficiaries;

41. Notes with concern that, despite a notable increase in 2024 payments, absorption under the 2021-2027 Common Provision Regulation (CPR) remains low, with EUR 14,7 billion disbursed in 2024 compared to EUR 6,3 billion in 2023, which is still modest relative to overall allocations; further notes that RRF grant payments reached only EUR 55,9 billion in 2024, around half of the Commission's June 2023 forecast, reflecting continued delays in submitting and processing payment requests;

42. Notes that in 2024 the Commission forecast decommitments of EUR 8,8 billion for the period 2025-2027, up from the EUR 8,1 billion estimated in 2023 for 2024-2027, with this increase driven primarily by cohesion policy programmes under the current MFF and by the European Agricultural Fund for Rural Development (EAFRD) as 2014-2020 programmes approach closure in 2026; the low implementation in 2024 puts important amounts at risk from 2025 onwards;

43. Notes with concern that for the Cohesion Fund (CF), European Regional Development Fund (ERDF) and ESF+ the Commission forecasts total decommitments of EUR 2,7 billion, a notable rise from the EUR 2,2 billion projected in 2023 and nearly seven times the EUR 0,4 billion forecast in 2022, despite the assumption of a sharp acceleration in implementation in 2026 and 2027; stresses that failure to achieve this accelerated implementation rate will further increase the amounts at risk of decommitment;

44. Warns that the different risks identified by the Court in the Union budget, including outstanding commitments, may jeopardise the achievement of Union objectives; calls on the Commission, in line with the Court's recommendations, to act proactively to ensure that its mitigating risk tools (such as the Common Provisioning Fund) have sufficient capacity;

45. Notes that the outstanding nominal value of Union borrowing reached EUR 601,3 billion at the end of 2024, reflecting the use of capital markets to finance Union programmes, such as Support to mitigate Unemployment Risks in an Emergency (SURE) and NGEU; notes that by 2027 total outstanding borrowing could exceed EUR 900 billion, almost ten times the level recorded in 2020, prior to the launch of NGEU; notes that since December 2022 the Commission has applied a diversified funding strategy as its standard method for raising funds on capital markets, underlines the importance of transparent reporting, fiscal responsibility and sound financial management in the context of increased borrowing and interest rate risk in order to safeguard fiscal sustainability and ensure full accountability as well as democratic oversight by the discharge authority;

46. Notes that interest expenditure linked to the financing of the non-repayable NGEU support amounted to EUR 5,4 billion for the period 2021-2024, including EUR 3,4 billion in 2024 alone, nearly 50 % above the initial forecast of EUR 3,7 billion; observes that total interest expenditure in the current MFF could range between EUR 29,0 and EUR 30,4 billion, approximately double the Commission's original estimate of EUR 14,9 billion; further notes that a 2024 briefing entitled 'Management of debt liabilities in the EU budget under the post-2027 MFF', requested by the Committee on Budgets ([6]), estimates that interest payments for non-repayable NGEU support in the next MFF could amount to EUR 70,9 and EUR 73,8 billion, highlighting the long-term budgetary implications of NGEU borrowing;

47. Notes that the Union budget's exposure continued to increase in 2024, reflecting the growing volume of borrowing operations and associated guarantees; points out that the total exposure of the Union budget amounted to EUR 342,0 billion at the end of 2024, which amounts to an increase of 14,8 % compared with EUR 298,0 billion at the end of 2023; underlines that this trend underscores the importance of a robust system, fiscal responsibility and transparent reporting to ensure that the Union can meet its debt obligations under all circumstances; stresses that, in the context of rising debt levels, the development of genuine new own resources is essential to prevent debt servicing costs from crowding out priorities under future multiannual financial frameworks;

([6]) https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/766173/IPOL_BRI(2024)766173_EN.pdf.

48. Notes with concern that, as highlighted by the Court in Special Report 18/2025 'EU budget flexibility', the Commission's proposal for the 2021-2027 MFF was not sufficiently grounded in a thorough identification and analysis of the needs and risks the Union budget should be able to address; notes that, although the existing flexibility arrangements enabled the Union to react to emerging priorities, several flexibility tools were depleted repeatedly in the early years of the MFF, thereby limiting the margin for manoeuvre for the remainder of the period; underlines that the flexibility framework is overly complex with no clearly defined sequence for activating margins below the ceilings and special instruments above them; notes furthermore that certain flexibility tools overlap with one another and with thematic programmes targeting the same needs, resulting in unnecessary complexity in financial management and decision-making;

Recommendations

49. Strongly supports the recommendations of the Court in its annual report on the implementation of the budget for the financial year 2024 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;

50. Calls on the Commission, in particular, to:

(i) strengthen the reliability and transparency of financial reporting; in particular by further improving the clarity of the presentation of negative net assets and accrued expenses, and by ensuring that the long-term budgetary implications of NGEU borrowing are communicated clearly and systematically to the budgetary authority;

(ii) take all necessary measures to address the persistent weaknesses in the legality and regularity of expenditure, including by improving and clarifying guidance to managing authorities, continuing efforts to address shortcomings identified in reimbursement-based spending and ensuring consistent application of the Rule of Law Conditionality Regulation where risks persist;

(iii) adjust its risk-at-payment methodology so that it ensures full alignment between its risk estimations and the control environment on which it relies;

(iv) strengthen monitoring of the implementation of 2021-2027 shared management funds including more active follow-up on low absorption rates, enhanced administrative support and targeted technical assistance to Member States, and the systematic identification of structural bottlenecks that slow down implementation;

(v) make full use of all available instruments to prevent decommitments and to ensure that allocated funds are fully and effectively absorbed;

(vi) clearly communicate the impact of expected interest expenditure on the Union's borrowing operations, including its budgetary implications for future MFFs, and the sustainability of the current diversified funding strategy;

(vii) review and simplify the Union budget's flexibility architecture for the next MFF, including by establishing a clear sequence for mobilising margins and special instruments, ensuring complementarity between flexibility tools, and enhancing transparency and predictability in their use while fully ensuring democratic oversight by the budgetary authority;

(viii) recommends that, in future MFF proposals, the Commission include a comprehensive analysis of needs, risks and crisis-response capacity, ensuring that flexibility instruments are sufficiently justified, adequately funded and capable of addressing unforeseen events without being depleted prematurely;

(ix) ensure that the Union's anti-fraud architecture, notably OLAF and the EPPO, is provided with sufficient and appropriate resources, and that robust cooperation between them and with the Commission is facilitated; including through the timely transmission of suspected fraud cases and the strengthening of fraud-prevention strategies, in particular in high-risk expenditure areas and large-scale financial instruments;

(x) publish clear, user-friendly performance and spending summaries, including one-page overviews and interactive dashboards with machine-readable datasets;

Revenue

51. Welcomes that the overall audit evidence also for the financial year 2024 indicates that the level of error in revenue was not material; at the same time continues to point out that the problems with customs duties being incorrectly declared or not declared at all (the 'customs gap') leads to a shortfall in collected import duties, which has been a persistent problem for many years for the Union and for its Member States;

52. Underlines the importance of Member States' responsibilities for the collection of value-added tax (VAT) and traditional own resources (TOR) in ensuring fair competition and fair taxation in the Single Market and in guaranteeing that the burden of financing Union expenditure is fairly shared among the Member States; notes with satisfaction that the revenue systems examined by the Court were generally effective; at the same time urges the Commission to intensify efforts to improve the collection of existing own resources, including by addressing the remaining weaknesses identified by the Court, especially those related to long-outstanding issues concerning VAT reservations and open points concerning TOR;

53. Underlines that reform of the Union customs system remains important for both the modernisation of own resources and for the effective fight against organised crime at European and national level; notes that the Court's observation on the need for further implementation and operationalisation planning; underlines the importance of achieving agreed reform elements in a timely and coordinated manner;

54. Stresses that fast adoption and implementation of all elements of the proposal for a customs reform should remain a key priority; highlights that the establishment of the EU Customs Authority and the EU Data Hub should contribute to real-time risk assessment, fraud detection, and uniform application of customs rules, replacing fragmented national systems for a stronger digitalised Customs Union; underlines the importance of ensuring that reform helps to achieve a significant reduction of the customs gap and enhances the effectiveness of the Union's customs controls; points to the importance of having real-time risk assessment and digitalised customs controls;

55. Commends the efforts of the EPPO and OLAF to combat the organised exploitation of weaknesses in Union customs controls; encourages the further strengthening of EPPO's operational capacity and expertise in tackling organised crime patterns affecting Union revenues and expenditure, including through specialised joint tasking, enhanced intelligence-sharing and risk-analysis capabilities;

56. Underlines the importance of preventive and precautionary measures in combating VAT fraud; encourages the exploration of innovative approaches, such as risk-based sampling and statistical extrapolation of control results to wider transaction populations, in full respect of legal safeguards and proportionality;

57. Welcomes the proposals for new own resources presented by the Commission, including as part of the package of proposals for the next MFF, which should at the very least be able to cover the expenses related to the interest and repayment of loans under the RRF in order to ensure that such expenses do not limit Union funds available for regular Union spending programmes; recognises, that other revenue sources might also be considered should the existing proposals not materialise without compromising fiscal responsibility; considers that the revenue potential of a digital service tax and a financial transaction tax should be explored as possible solutions;

Recommendations

58. Calls on the Commission, in particular, to:

(i) take the necessary steps to support the timely and effective implementation of the customs reform, including the establishment and initial operation of the EU Customs Authority and the development, implementation, and maintenance of the EU Customs Data Hub;

(ii) intensify cooperation on customs with other countries outside the Union in order to facilitate trade and increase the fight against cross-border tax and customs fraud;

(iii) intensify efforts to improve the collection of the Union's existing revenue sources, including those from e-commerce by addressing the remaining weaknesses identified by the Court especially those which concern long-outstanding issues concerning VAT reservations and open points concerning traditional own resources (TOR);

(iv) continue work towards the introduction of additional new own resources;

(v) continue to address the major custom gap challenges that the rapid growth of e-commerce poses to customs authorities; provide adequate human, technical and financial resources;

Single market, Innovation and Digital

59. Notes that the budget for the programmes under MFF Heading 1 'Single Market, Innovation and Digital' was EUR 25,9 billion (13,5 % of the Union budget) distributed as follows: EUR 14,9 billion (57,6 %) for Research, EUR 4,1 billion (15,9 %) for Transport, Energy and Digital, EUR 3,1 billion (11,9 %) for the InvestEU Programme, EUR 2,3 billion (8,8 %) for Space, and EUR 1,5 billion (5,8 %) for other areas;

60. Notes that the Court has examined 127 transactions covering the full range of spending under this MFF heading; notes with concern that 32 (25 %) of the 127 transactions that the Court examined contained errors; regrets that, based on the 28 quantifiable errors the Court found, and additional errors detected in MFF Heading 1 transactions implemented by Union agencies, joint undertakings and the European Institute of Innovation and Technology, the Court estimates that the level of error in spending on 'Single Market, Innovation and Digital' in 2024 was material at 3,2 %; further notes that the Commission estimates the risk at payment as 1,6 % for this heading, which is in the lower half of the range of the Court's estimate;

61. Notes the categorisation of errors by the Court, with ineligible direct personnel costs accounting for 76 % of errors, ineligible other direct costs (VAT, travel, equipment) accounting for 18 %, ineligible subcontracting accounting for 4 % and ineligible indirect costs for 2 %;

62. Notes with concern the Court's observation that research continues to be a high-risk spending area, particularly in the area of personnel costs; notes that the Court found quantifiable errors relating to 26 of the 99 research and innovation transactions it sampled; recognises that the way funds are disbursed has an impact on the risk of error and the complex rules associated with reimbursement-based funding generally used in the area of research; underlines, in this regard, the need to simplify rules governing Union research and innovation programmes with a view to reducing the risk of errors while facilitating access of beneficiaries, notably SMEs, to Union funding;

63. Observes that the Court has also identified several issues in Connecting Europe Facility (CEF) projects, including the reporting of indirect costs, discrepancies between declared and actual payments and non-compliant procurement procedures, and calls for strict compliance with cost eligibility rules and sound financial management by all partners; furthermore, emphasises the need to take these issues into account in the context of the upcoming CEF Regulation (2028-2034), in order to improve transparency in the implementation of CEF projects and to reinforce their EU added value;

64. Welcomes that for its 2024 Annual Report, the Court also assessed the performance information on MFF Heading 1 which was presented in the programme performance statements of the 2023 annual management and performance report prepared by the Commission; appreciates the Court's overall conclusion that the design of performance indicators improved compared to the 2014-2020 programming period, including the balance of different types of indicators (input, output, result and impact) in the case of Horizon Europe, the EU Space Programme, and InvestEU; notes with concern that the 2021-2027 Connecting Europe Facility (CEF) legislation does not include result or impact indicators;

65. Is concerned that the Court identified gaps in the traceability of reported results, particularly for Horizon 2020; underlines the importance of verifying and ensuring the traceability and reliability of data used to establish performance indicators; notes that, owing to the introduction and increasing use of simplified cost options and financing models not linked to costs, weaknesses in the traceability and reliability of performance data must be addressed to protect the Union financial interests;

66. Notes with concern the Court's finding that the Commission could not provide project-level information for InvestEU, as it is implemented through indirect management, complemented by monitoring visits; regrets the Commission's reply that InvestEU implementing partners are neither required by the guarantee agreements nor by the InvestEU Regulation to report key performance indicators (KPIs) at project level; considers that project-level data should be the basis for enhanced performance reporting for financial instruments implemented under indirect management, such as InvestEU; stresses that the European Investment Bank (EIB), as the main implementing partner of InvestEU, must be held to the highest standards of transparency and accountability;

67. Is concerned that the Court found that, in general, progress in achieving targets for KPIs was lower than assessed by the Commission; notes that MFF 2021-2027 programmes are mostly on track to achieve targets, while 2014-2020 programmes had only partially met their objectives; notes with concern the Court's conclusion that less than half of the performance indicators of Horizon 2020 and of CEF 2014-2020 show that results have been achieved or are on track; notes that for InvestEU, 50 % of the indicators presented in the programme performance statements did not have a target; acknowledges the Commission's reply that, owing to the market- and demand-driven nature of financial instruments such as InvestEU, the performance of such programmes depends on their take-up by the market, which limits the Commission's ability to establish predefined milestones and targets;

68. Recalls the importance of Union research and innovation (R&I) funding programmes for the scientific, societal, economic and technological development of the Union, adequately addressing emerging priorities and challenges, reducing inequalities, achieving the green and digital transitions and decreasing the Union's energy dependency on Russia; underlines that in order to enhance the Union's competitiveness, technological leadership and strategic autonomy and to close the innovation gap with global competitors, increased funding for R&I is needed and a stronger and more targeted investment effort in research and innovation, combined with reduced administrative burden for applicants and better mobilisation of private capital, is essential, also with a view to addressing the Draghi report's pertinent recommendations; recalls that the Draghi report underlines that excellence in research and innovation is fundamental to the Union's competitiveness and that within the Union research and innovation system, including the Horizon Europe programme, there should be one selection criterion, namely, excellence; reiterates, in this regard, its position that funding for research and innovation should continue to be determined by the principle of excellence and should remain merit-based;

69. Notes that the *ex post* 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; 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 R&I to boost the Union's sustainable prosperity and competitiveness; highlights the importance of making full use of the Seal of Excellence and other complementary Union and national funding instruments, including those under cohesion policy, to support high-quality but unfunded research and innovation projects and to strengthen regional innovation ecosystems across the Union;

70. Underlines the importance of simplifying the rules and procedures governing Union R&I funding to facilitate beneficiaries' access to funding and programme implementation; stresses that simplification measures should be designed in a way to benefit applicants and beneficiaries, including first-time applicants, SMEs and universities, while promoting smaller and more flexible consortia, modular project structures and staged participation in order to facilitate broader participation and effective inclusion across the Union; is concerned by the Court's finding that despite the simplifications introduced under Horizon Europe to facilitate the beneficiaries' cost reporting, the Court found no significant differences between Horizon 2020 and Horizon Europe as regards the regularity of expenditure;

71. Notes the Court finding that the Commission has implemented most of its recommendations made in previous years; nevertheless, is concerned that the tool Personnel Costs Wizard, the use of which the Court strongly encourages, especially by certain categories of beneficiaries that are more prone to committing errors, such as SMEs and new entrants, was not yet ready at the time of the Court's audit; notes the Court's finding that for five of the 34 Horizon Europe transactions in its 2024 sample, beneficiaries either still calculated personnel costs using the method applicable to Horizon 2020 or did not fully follow the new rules applicable to Horizon Europe; considers that the development and use of tools such as the Personnel Costs Wizard could help beneficiaries apply the correct rules for calculating personnel costs, the major source of error under MFF Heading 1;

72. Notes that in 2024 the Commission has continued the roll out of simplified cost options such as lump sums and unit costs in Horizon Europe, with lump sum funding accounting for 27 % of the total call budget in the work programmes for 2024; recalls the Court's clarification that when lump sum grants are given, the beneficiaries are paid a pre-defined lump sum for each completed work package, regardless of the actual costs incurred; further notes that the Commission's target is to provide by 2027 at least 50 % of the call budget in published work programmes in the form of lump sums; is concerned, that for the reasons explained in box 5.4 of its Annual Report, the Court was not able to assess whether including a specific item of equipment in the budget proposal was necessary and justified in the case of a lump sum grant it audited; calls on the Commission to ensure that future funding instruments include safeguards to avoid overcompensation for equipment that was not actually purchased although included in the lump sum budget, in line with the Court's observations;

73. Acknowledges that the Horizon Europe interim evaluation found that lump sums provided real simplification for beneficiaries, as estimated savings range between 14 % and 30 % of their administrative costs; notes the findings of the Commission's assessment of Lump Sum Funding in Horizon 2020 and Horizon Europe 2018-2024, including that beneficiaries also reported to the Commission that they would welcome more clarity on how lump sum grants would be audited; appreciates that in 2024, the Commission put in place an *ex post* control strategy for Horizon Europe grants, including a methodology for *ex post* technical reviews in lump sum grants; notes that the Commission has launched the first 30 Horizon Europe *ex post* technical reviews in the fourth quarter of 2024; recognises, at the same time, the Court's observation that although lump sums are appropriate for clearly defined work packages, difficulties in the implementation of such schemes would arise in situations where work packages are delayed, partially completed or some of the activities stipulated in the work package are replaced;

74. Notes the Court's finding that there has been a significant increase in Union financial support to third parties in research, as under Horizon 2020 grants EUR 2,5 billion of such funding was provided for the whole programming period, whereas by the end of 2024, EUR 5,5 billion was provided under Horizon Europe; is concerned by the Court's finding that for nine out of 11 transactions sampled relating to grants to third parties, the EUR 60 000 funding threshold set by Article 207 of the Financial Regulation had been exceeded without proper justification for derogation in the work programme or the call; notes that in the Commission's view, the need for higher grant amounts is inherent to certain types of actions; is alarmed by the Court's finding that third parties are not required to demonstrate the effectiveness of their controls to ensure the regularity of Union spending; agrees with the Court that this poses a risk to sound financial management and the protection of the Union's financial interests;

75. Notes that Union research and innovation programmes, including Horizon Europe, support the development of advanced technologies for civil applications, but acknowledges that certain technologies may carry inherent dual-use risks; considers that strengthening Union defence requires enhanced support for research and innovation under Horizon Europe; highlights the significant potential of emerging technologies, particularly in areas such as artificial intelligence, cybersecurity and quantum computing, to contribute to the Union's security and resilience; considers

that civilian research and innovation programmes should therefore be appropriately supported and strategically aligned, including, where relevant, by enabling their results to be used for dual-use purposes in order to safeguard the EU's defence capabilities; notes with concern however, the Commission's reply that it is currently not monitoring specifically after the end of a project if the results of Union-funded R&I projects are taken forward for dual use, military or defence applications; calls on the Commission to ensure appropriate monitoring of the follow-up of Union-funded R&I projects with potential dual use, military or defence applications in line with Union requirements; underlines the importance of ensuring that Union funding is fully consistent with the Union's values and obligations under international law; stresses at the same time the need for the Commission to strengthen the follow-up of Union-funded research results, including their transition to commercial use, in order to maximise societal impact and ensure an adequate return on investment for taxpayers;

76. Recalls that the EIB Group has been allocated 75 % (EUR 19,6 billion) of the Union budgetary guarantee under the InvestEU Regulation; recalls also the discharge authority's recommendations in its previous reports on the control of the financial activities of the EIB; notes the accountability and audit gaps in relation to the EIB's operations, as identified in the Contact Committee statement CC 1/2025; stresses the need to align and adapt the audit framework to the EIB's expanded mandate; urges the Commission to actively support the granting of full audit access for the Court to the EIB's activities; underlines the need for comprehensive information on the EIB's portfolio quality and risk management practices to enable meaningful democratic oversight of its operations; calls on the Commission to engage with the EIB in order to provide reporting on its portfolio quality to the discharge authority, ensure that risk assessment profiles for large-scale investments are subject to independent review and that the EIB discloses the lessons learned from cases where significant lending has resulted in default; stresses that public confidence in the sound management of Union-backed lending depends on the highest standards of institutional integrity; urges, therefore, the Commission to require the EIB to strengthen conflict-of-interest prevention mechanisms;

77. Underlines the strategic importance of research in the field of defence for strengthening the Union's security and long-term resilience; emphasises that defence and security research requires close and trusted cooperation among Member States to ensure a more cost-effective and efficient use of Union taxpayers' money, avoid unnecessary duplication and foster synergies; underlines that research activities in this domain necessarily involve highly sensitive data, technologies and information which must be subject to the highest standards of protection against external interference or malicious manipulation; stresses, in this context, the urgent need to develop a common and robust protective architecture at Union level to counter hybrid threats and safeguard critical knowledge, infrastructure and innovation ecosystems;

78. Recalls that on 10 March 2022 the European Parliament decided to set up the PEGA Committee to investigate alleged infringement or maladministration in the application of Union law in relation to the use of Pegasus and equivalent spyware surveillance software and the European Parliament recommendation of 15 June 2023 to the Council and the Commission adopted following PEGA Committee's work ([7]); expresses its dissatisfaction that the Commission still has not presented enforcement measures and legislative follow-up to Parliament's recommendations regarding the use of Pegasus and equivalent spyware; takes note of media reports ([8]) alleging that Union funding may have directly supported companies implicated in the development, deployment and export of spyware by entities whose technologies have been linked to unlawful surveillance of journalists, human rights defenders and political actors in the Union and in third countries; notes the Commission's reply that the proper use of Union funds is ensured by various contractual provisions requiring respect of the applicable law and Union values and that failure to respect these obligations can result in various contractual measures, including suspension of contract or payments and contract termination; notes also the Commission's written reply that it considers that it has put in place several measures to address the risk that spyware falls into the wrong hands and increase protection for the potential victims of spyware, including European Media Freedom Act, e-Privacy Directive, Cyber Resilience Act and Dual-use regulation and that its annual Rule of Law reports also cover developments regarding the allegations of illegal use of spyware;

([7]) Texts adopted: P9_TA(2023)0244, https://www.europarl.europa.eu/doceo/document/TA-9-2023-0244_EN.html.
([8]) https://www.ftm.eu/articles/spyware-industry-eu-subsidies-surveillance-concers.

79. Notes the Commission's reply to the Committee on Budgetary Control that the companies in question have received a total of EUR 12,77 million from the Union budget since 2021; regrets that the Commission only shared with the Committee on Budgetary Control partial information on the total amount of Union funding allocated to spyware or intrusive surveillance software firms, as the reply it provided is limited to information already publicly available in the Financial Transparency System (FTS), which currently only publishes information on beneficiaries and contractors under direct management and on implementing partners under indirect management; deplores the fact that the discharge authority received an incomplete reply to its request;

80. 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 CEF, with EUR 4,1 billion of expenditure in 2024, is a key Union instrument in delivering these objectives;

81. Notes the Commission's written reply that since 2021, EUR 12,63 million was spent on renewable hydrogen production and related infrastructure from the CEF renewable energy funding and EUR 187,21 million of CEF transport funding was spent on refuelling stations; notes further that between 2021 and 2024 the Commission allocated EUR 791,13 million in grants under the Innovation Fund to e-fuel projects; underlines the importance of allocating Union funds to support solutions with potential for long-term decarbonisation and scalability and of taking an evidence-based approach to emerging solutions in order to ensure the efficient use of public resources and maximise climate impact; stresses that all technologies need to be assessed on their effectiveness and scalability; calls for caution in the allocation of Union funds to technologies with an uncertain or limited long-term role in the decarbonisation pathway; stresses that achieving climate neutrality by 2050 is of decisive importance; emphasises the need to ensure a reliable, affordable and resilient Union energy supply; notes, in this context, that the Commission should promote a technology-neutral approach to research and innovation; calls in particular for the support of cross-border projects to foster genuinely European solutions in the field of energy supply, ensure the cost-efficient use of Union funds, strengthen the internal market, and create EU added value; calls on the Commission to ensure that funding criteria are based on measurable emissions reduction outcomes rather than prescriptive technology preferences;

82. Recalls that the Digital Markets Act (DMA) aims to ensure fair and innovation-friendly digital markets in Europe, preventing any single actor from dominating it at the expense of consumers, competitors, or democratic oversight; stresses the significant negative effects that digital market dominance pose to fundamental rights and the spread of information manipulation and disinformation and the need for joint Union action in these areas; notes that during 2024, the Directorate-General for Competition (DG COMP) faced serious understaffing, as reported in its Annual Activity Report (AAR) 2024; notes that DG COMP reallocated staff to units responsible for the enforcement of the DMA which created staff shortages in other departments;

Recommendations

83. Calls on the Commission to:

(i) fully address the Court's recommendations concerning legality and regularity and performance reporting;

(ii) secure the provision of significantly increased Union funding for research and innovation, determined by the principle of excellence and merit;

(iii) introduce binding requirements for implementing partners, including the EIB, to provide performance reporting based on project-level data also for financial instruments implemented under indirect management, such as InvestEU; demands that such reporting should rely on a balanced mix of output, result, and impact indicators;

(iv) conduct a review of the simplification measures introduced for Horizon Europe to assess whether they provide genuine simplification for project beneficiaries and applicants, including their impact on administrative burden, participation rates, geographical balance and ease of access for new applicants, in particular from less performing regions, and fostering synergies with other Union instruments, including cohesion policy and the Seal of Excellence;

(v) develop and encourage the use of tools, such as the Personnel Costs Wizard, that help beneficiaries apply the correct rules for calculating personnel costs;

(vi) evaluate the lessons learned from the *ex post* technical reviews for lump sum grants launched in 2024 and in 2025, and report back to the discharge authority;

(vii) ensure that future funding instruments include safeguards to avoid overcompensation for equipment that was not actually purchased although included in the lump sum budget;

(viii) review a representative sample of lump sum grants, and analyse the lessons learnt from their implementation and the methods used to establish Union financial support, before further extending the use of lump sum grants to future funding instruments;

(ix) conduct a comprehensive review of Union funding for the development, deployment and export of spyware or intrusive surveillance software across all management modes since 2021, and prepare an action plan to prevent the abuse of spyware in the Union, and share them with the discharge authority;

(x) pursue a technology-neutral approach to research and innovation, including by promoting cross-border projects, in order to support the achievement of climate neutrality by 2050 and foster a stable, resilient and affordable Union energy supply, while guaranteeing cost-effectiveness, accelerating progress towards Union climate goals and enhancing competitiveness;

(xi) reinforce cooperation among Member States in defence- and security-related research through Union-funded R&I programmes, while promoting synergies, ensuring the robust protection of sensitive data and protection of technologies against foreign interference and hybrid threats, and where appropriate, enabling the responsible use of research results for dual-use purposes in order to support the Union's resilience, defence capabilities, and strategic independence;

(xii) ensure that Union research funding, including under Horizon Europe and through agreements with non-Union partners, is allocated in a manner consistent with Union values and does not contribute to the support of spyware or intrusive surveillance technologies, in line with the Parliament's relevant recommendations adopted on 15 June 2023 [9];

Cohesion, Resilience and Values

84. Underlines the role of Union cohesion policy in reducing economic, social and territorial disparities within the Union, as established by the Treaties, as well as for supporting the implementation of the European Pillar of Social Rights; insists on continued support for cohesion in the post-2027 MFF, following the principles of partnership and multilevel governance, and with the involvement of local and regional authorities and relevant stakeholders; notes that the budget for the programmes under MFF Heading 2 'Cohesion, resilience and values' was EUR 61,4 billion (32,1 % of the Union budget) distributed as follows: 47,7 % for the ERDF and other regional operations, 16,4 % for the European Social Fund (ESF), 6,7 % for the CF, 6,6 % for Erasmus+, 2,2 % for CEF Transport, 3,6 % for EU Recovery, and 3,1 % for other schemes;

85. Notes that the Court has examined a sample of 223 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 2024 is again significantly above the materiality threshold at 5,7 %; reminds that the Court's error rate includes the errors that remained undetected by the Member States and the Commission and demonstrate that the Commission's error rates are underestimated;

86. Notes the Court's categorisation of errors found in cohesion expenditure, with ineligible costs accounting for 49 % of errors, serious non-compliance in public procurement and state aid rules accounting for 23 %, ineligible projects for 18 %; notes, furthermore, that ERDF and CF related expenditure account for the largest share of errors (54 %);

[9] European Parliament recommendation of 15 June 2023 to the Council and the Commission following the investigation of alleged contraventions and maladministration in the application of Union law in relation to the use of Pegasus and equivalent surveillance spyware (2023/2500(RSP)) (OJ C, C/2024/494, 23.1.2024, ELI: http://data.europa.eu/eli/C/2024/494/oj).

87. Notes that overall, the Directorate-General for Regional and Urban Policy (DG REGIO) concluded in its AAR that a material level or irregular expenditure remained in the 2024 accounts for the ERDF/CF, despite the results of the controls and corrections already applied at Member State level, and that the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) concluded the same for the ESF/YEI and FEAD;

88. Reiterates its concerns about the Court's conclusion in its Review 03/2024 'An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending' that the Commission underestimates the level of errors it reports;

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 in assurance packages that account for more than 60 % of the total value of assurance packages audited in 2024; 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. Is concerned about the Court's observation that the errors the Court found could, and should, have been detected by the audit authorities when they conducted their checks; notes that this reduces the extent to which the Commission can rely on the results of their work; highlights with concern the Court's observation that, since 2017, the proportion of assurance packages with residual error rates of above 2 % had not dropped below 39 % of the expenditure in its samples, indicating that shortcomings remain in the work of the audit authorities, which are not sufficiently addressed by the Commission's assurance work; however, welcomes the launch by the Commission of an Action Plan aiming at improving the authorities' detection capacity in the 2021-2027 period;

91. Notes that the Court, in its Review 04/2025 'The Future of EU Cohesion Policy: Drawing lessons from the past' recalled the longstanding challenge related to the complexity of the regulatory framework, and that, despite efforts to simplify rules and procedures, the complexity of Union regulation and the coexistence of national and regional requirements continues to impose significant administrative burdens and contributes to a high error rate; recalls, however, the important role that cohesion policy has played in reducing economic, social and territorial disparities and promoting convergence and stability across the Union, thereby demonstrating its added value for Union taxpayers, which can be further strengthened by addressing persistent weaknesses; notes that, while simplified cost options have been introduced to reduce reporting obligations, their use remains limited, especially in the ERDF; recalls the persistent weaknesses in Member States' management and control systems; calls into question the Commission's plan for increased reliance on national systems and stresses that they must be remedied before the introduction of any such future spending model under the next MFF; stresses the need to define clear and binding supervisory and control responsibilities for both the Commission and the Member States prior to the beginning of implementation; considers that the Commission should not rely solely on Member States' control systems, but should define minimum requirements and verification mechanisms, similar to those provided for under shared management, in order to avoid any non-compliance with national and Union rules, as requested by the Court;

92. Notes that the Court's findings, in its Special Report 22/2025 'Financial corrections in cohesion policy funds' that the Commission does not apply financial corrections as it should to protect the Union budget from irregular expenditure in cohesion policy, and that, despite cohesion spending being affected year after year by a significant number of errors, the Commission took more than a decade to adopt its first financial correction in September 2025 for the 2014-2020 period; points out that the legal framework governing the correction mechanism is complex that guidance and criteria for assessing serious deficiencies is not clear enough, and is not applied consistently, and that there is no well-defined timeframe for the procedure;

93. Notes with concern that the Court identified shortcomings in the planning and preparation of the authorities' audit work, such as weaknesses in the sampling approaches and incomplete checklists;

94. Recalls that, following a discharge-related access to documents request concerning contracts with 30 economic operators, the Commission had to undertake a broad and resource-intensive identification exercise due to limitations in its internal data systems, which resulted in the identification of hundreds of entities with similar or related names; acknowledges the efforts made by the Commission services to respond promptly and transparently; further recalls that, as of the next MFF, the Commission will be required to use data stored in the Arachne data-mining and risk-scoring tool to feed a centralised transparency website, with Member States obliged to provide automated access to relevant data, an obligation which will apply from 2027 onwards and on which the Commission has already begun preparatory work; urges the Commission to implement an interoperable system to allow a European tracing of funds with the start of the new MFF;

95. Notes that the Court, in its Special Report 24/2025 'Financial instruments in EU cohesion policy: A revolving use of funds materialised partially' found that, while one of the advantages of financial instruments in cohesion policy over grants is that reflows can be used to support additional final recipients, leading to more efficient use of public financing, only a limited reuse of reflows materialises during eligibility periods, partly due to acceptable reasons, such as the long-term nature of investments; notes that after the eligibility period, reflows are generally reused for cohesion purposes but with limitations; deplores that the legal framework on the reuse obligation is insufficiently clear and ambiguous, and that the Commission lacks oversight, leading to varying practices among Member States' managing authorities;

96. Is concerned about the Court's observation that implementation of the cohesion policy funds (ERDF, CF, ESF+), accounting for over 90 % of the shared management funds under the CPR for 2021-2027, remained low; notes that when the Court compares their implementation (prefinancing and interim payments) with the previous programming period, the overall absorption rate of these three funds was only 5 % by the end of 2024 compared to 14 % at the equivalent point of the previous MFF (end of 2017); underlines that the current programming period has been implemented in an exceptionally challenging context marked by successive crises, inflationary pressures, supply chain disruptions and evolving geopolitical and economic conditions; acknowledges, at the same time, that the 2021-2027 programmes were adopted seven months later than those of the 2014-2020 programming period and that the pre-financing rates under the 2014-2020 programmes were higher and cleared at a different moment than those under the current MFF; notes, in this regard, that the absorption rate at the comparable implementation stage, at the end of June 2017, for the ERDF, the CF and the ESF+ stood at 3,49 %, which is comparable to the rate at the end of 2024; notes with concern that as the end of the eligibility period for the underlying expenditure [10] and the deadline for payment of the final balance for the 2021-2027 MFF are set one year earlier than in the previous programming period, the pressure to absorb Union funds will increase further;

97. Expresses its concern that in 2024, the Commission forecast decommitments for the period 2025-2027 increased at EUR 8,8 billion compared to the 2023 forecast of EUR 8,1 billion for the same period and that this increase in estimated decommitments was mainly driven by the cohesion programmes under the current MFF and by the EAFRD; notes that EAFRD decommitments are expected when the programmes of the previous MFF close in 2026, while cohesion programmes for the 2021-2027 MFF face significant risks of decommitments from 2027 onwards;

98. Recalls that in 2024, several amendments to the cohesion policy and legal framework, namely STEP and RESTORE, entered into force; highlights the importance of these instruments in enhancing Union competitiveness and addressing the consequences of natural disasters; reiterates, nevertheless, that constant amendments to the cohesion policy framework lead to legal uncertainty and instability and risk undermining the long-term structural cohesion policy objectives of reducing disparities across the Union; stresses that cohesion policy needs a stable regulatory framework in order to provide predictability for beneficiaries;

[10] Article 63(2) of 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).

99. Reiterates its deep concern over the disproportionate impact that the Russian war of aggression against Ukraine continues to have on the Union's eastern regions bordering Russia and/or Belarus; draws attention to the costs borne by these regions as a result of their shared border with hostile neighbouring countries, notably the respective Member States' need to 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; is concerned, further, about the loss in Union financial support experienced by some border regions as a result of amendments to cohesion funds under the current programming period, notably to ERDF funds initially earmarked for cross-border cooperation with Russia and Belarus and funds reallocated in the context of the 2025 cohesion mid-term review (MTR);

100. Underlines that territorial cohesion requires strengthening local economic resilience, for example through sustainable tourism, protection of cultural assets, youth employment and vocational skills development, including in green reconstruction, energy efficiency and civil protection services; 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; stresses the need to safeguard access to essential services in rural and remote areas and calls on the Commission to assess whether Union spending effectively contributes to reducing depopulation pressure;

101. Highlights the increasing exposure of certain regions, including Mediterranean coastal and inland territories, to climate-related risks such as storms, floods, coastal erosion and drought stress; stresses that prevention and adaptation measures are more cost-effective than post-disaster reconstruction; stresses the necessity of frontloading investments in risk prevention, hydraulic safety, slope stability, nature-based solutions and climate-resilient infrastructure, including sustainable ports, intermodal logistics, rail connectivity and resilient water systems, leakage reduction, resilient irrigation and smart water management, in order to ensure rapid and measurable resilience outcomes, enhance territorial resilience and safeguard the effectiveness of Union spending;

102. Highlights the Commission Internal Audit Service's (IAS) recommendation, in its audit carried out in 2024 on assurance building processes for the funds implemented under shared management, that the single audit strategy of DG REGIO, DG EMPL and the Directorate-General for Maritime Affairs and Fisheries needs to be updated as certain elements were not sufficiently clear or have not been sufficiently developed at this stage of the programming period; also notes the IAS' recommendation that DG REGIO, which also implements the EU Solidarity Fund under shared and indirect management, needs to further improve its design and effective management;

103. Notes that, following the establishment of its framework ([11]) for reduction and recoveries in case of fraud, corruption, and conflict of interests affecting the financial interests of the Union that have not been corrected by the Member State, the Commission undertook the first such reduction on 8 May 2025, when, following an OLAF recommendation, it adopted its first implementing decision reducing support to Slovakia by EUR 1,225 million in relation to an uncorrected irregularity; notes, however, the Court's finding in Special Report 26/2025 that the Commission lacks a mechanism to monitor whether amounts ordered to be recovered by national courts following criminal proceedings are actually repaid in full to the Union budget;

104. Expresses deep concern over the findings in the 2025 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 that the transparency of case allocation in lower courts has not been improved, and that undue pressure on some judges continues within the judiciary, notably in relation to internal debates on key issues related to judicial independence; notes with concern in the same vein that the implementation of the 2024-2025 National Anti-Corruption Strategy lags behind, with the decrease of the number of convictions for corruption crimes, the absence of progress in establishing a robust track-record on high-level corruption, and the continuous reporting by the Hungarian Integrity Authority of obstacles in fulfilling its oversight tasks effectively;

([11]) Commission Notice – Guidance on recovery and resilience plans (OJ C, C/2024/4618, 22.7.2024, ELI: http://data.europa.eu/eli/C/2024/4618/oj), Annex IV.

105. Reiterates its serious concerns about the Commission's decision of 13 December 2023, concluding that the Hungarian government had satisfied the Charter requirements in relation to judicial independence and lifting the suspension on the disbursement of funds for related programmes, resulting in Hungary becoming eligible to receive approximately EUR 10,2 billion from various funds governed by the CPR; reminds that on 25 March 2024, the European Parliament brought an action before the Court of Justice in order to review the legality of the Commission decision, as well as to bring legal certainty to the implementation of the rule of law mechanism; notes that while the CJEU ruling is still pending, the Advocate General proposed on 12 February 2026 that the Court of Justice annul the Commission's decision lifting the suspension on the disbursement of funds to Hungary;

106. Notes that from the EUR 19,8 billion allocations under the CPR, initially blocked due to fundamental rights concerns, only EUR 7,6 billion remain blocked for the Hungarian government in January 2026; further notes that from the EUR 6,4 billion initially blocked under the Rule of Law Conditionality Regulation because of rule of law and corruption concerns, EUR 1 billion and EUR 1,1 billion have been decommitted at the end of 2024 and 2025 respectively; expresses deep concern that, while the rule of law continues to deteriorate and corruption flourishes through entrenched oligarchic networks in Hungary, the amount of Union funds that remains frozen due to rule of law and corruption concerns decreases, and consequently, the pressure applied by the Commission on the Hungarian government to make reforms shrinks constantly;

107. Notes the requests by the Hungarian government on 28 and 29 March 2025 to transfer EUR 545 million from two cohesion programmes to new priorities under the Strategic Technologies for Europe Platform (STEP), of which EUR 395 million from funds frozen due to the failure to meet the horizontal enabling condition under the Charter of Fundamental Rights; deeply regrets the Commission's approval of the amendments on 25 September 2025, that despite again blocking reimbursements for the new STEP priorities due to non-compliance with Charter requirements, nevertheless gave the Hungarian government access to EUR 317,3 million in pre-financing; reaffirms that the reallocation or reshuffling of frozen appropriations to other programmes or objectives would signal to governments non-compliant with Union values and with their obligations to protect the Union's financial interests that losses can be offset elsewhere; recalls its position that funds suspended pursuant to the Conditionality Regulation or due to non-fulfilment of horizontal enabling conditions should not be eligible for programme amendments or transfers; calls, therefore, on the Commission to exercise its right of initiative and propose measures to close any existing loopholes in the Union's legislative framework that may enable governments to transfer funds suspended due to breaches of their rule of law or other Charter of Fundamental Rights obligations, and ensure that any future funding instruments are proofed for circumvention;

108. Notes that MOL Plc, a publicly listed Hungarian petrochemical conglomerate, is effectively controlled through three so-called public interest trusts affiliated with the Hungarian Government, each holding a 10 % share; recalls that Council Implementing Decision (EU) 2022/2506 ([12]) prohibits the Commission from entering into new legal commitments, under direct or indirect management, with Hungarian public interest trusts and entities maintained by them when implementing the Union budget; notes with concern that at least one funding agreement appears to have been concluded between the Commission and MOL after the adoption of that Decision; takes note of the Commission's reply that it is investigating the matter, and expects the Commission to provide the discharge authority without delay with a clear explanation of how such a commitment could have been signed;

109. Notes that the Hungarian government is set to receive the third-largest allocation under the SAFE instrument, amounting to EUR 16,2 billion, intended to support major defence-industry investments; recalls that the Commission has the power to withhold approval of national defence investment plans under SAFE where there are concerns regarding the protection of the Union's financial interests; notes that the Hungarian government recently sold a controlling 75 % + 1 vote majority stake in its state defence-industry holding to 4iG, a company widely seen as close to the government; strongly warns that, in light of the continued deterioration of the rule of law, persistent corruption risks and systemic weaknesses in oversight as described above, the Union's financial interests cannot be considered adequately protected if SAFE funding were to be disbursed to the Hungarian government without, at the very least, setting strict conditions that must be met prior to any disbursement of funds;

([12]) 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).

110. Highlights with alarm that since the 2024 Rule of Law Report, Slovakia adopted a series of amendments to the Criminal Code, passed in the second half of 2024, including the closure of specialised anti-corruption entities, the National Crime Agency and the Special Prosecutor's Office, which resulted in delays in investigations transferred to other bodies and significant drops in the number of corruption cases; notes with concern Slovakia's Government plan to replace the current office for whistleblowers with an institution whose chair would be appointed directly by the parliamentary speaker, which risks politicising the office, aligning its work with the Government's priorities, scaling back protection of whistleblowers, and undercutting scrutiny of how the Government handles Union funds; stresses that these developments pose an increased, substantial risk to the sound financial management of the Union budget; emphasises that the Rule of Law Conditionality Regulation is not limited to last-resort measures, but also allows for early action with partial suspensions where rule of law breaches are identified that pose a serious risk to the sound financial management of the Union budget; fully supports the Commission's decision and calls on the Commission to start the first step of the conditionality mechanism and to launch an infringement proceeding regarding this matter;

111. Notes, in this context, that following the Committee on Budgetary Control mission to Bratislava on 26-28 May 2025, unfounded public statements by the Prime Minister of Slovakia and members of the National Council led to threats against the Leader of the mission, necessitating police protection; considers that such incidents further illustrate the deteriorating rule of law environment and the risks it poses to the Union's financial interests;

112. Deplores that, according to civil society's analysis, the vast majority of recommendations from the Rule of Law Report repeat the previous ones; considers that this raises concerns as to whether the recommendations are taken sufficiently seriously by Member States and whether the Commission is applying adequate pressure to ensure their effective implementation; stresses that, many of the shortcomings listed in the Rule of Law Report have a direct impact on the sound financial management of the Union budget and therefore considers it essential from a budgetary control perspective that the exercise produces tangible and measurable results; invites, therefore, the Commission to translate the country-specific recommendations from its annual Rule of Law Reports into concrete milestones to be systematically acted upon by the Member States, and to trigger the Conditionality Regulation where systematic rule of law breaches, identified under the pillars of the Report, have a sufficiently direct link to the protection of the Union budget;

113. Notes the Commission reply that the Secretariat-General (SG) coordinates between the use of three different instruments of the Conditionality Regulation, the Rule of Law Report, the RRF and of the CPR horizontal enabling conditions to ensure consistency across all programmes, instruments and Member States, and that within each instrument, there is a lead service entrusted with the implementation and relevant associated services also feed into this work; further notes that the Directorate-General for Justice and Consumers and SG jointly lead the work on the Rule of Law Report, DG EMPL leads for the work on the Charter horizontal enabling condition, SG REFORM with the Directorate-General for Economic and Financial Affairs (DG ECFIN) for the work on the RRF and the Directorate-General for Budget for the work on the Conditionality Regulation; invites the Commission to further clarify the role of all decision-makers in these procedures; underlines that while a solid framework exists on paper, the practical application of procedures could be further enhanced; regrets that the Commission in the past only provided the bare minimum amount of information, without key details, and did not share the full documentation even after Parliament had requested it; stresses that timely, comprehensive and proactive information sharing is essential for it to exercise its budgetary and oversight responsibilities effectively and for citizens to maintain trust in the Union institutions and the EU's credibility as a whole;

114. Regrets that the Commission took more than two years to open infringement proceedings against Malta for the non-application of Union law in the field of online gambling; notes with serious concern that, as a result of Malta's legislation preventing the enforcement of valid judgments from other Member States, around 100 000 Union citizens entitled to repayments have been unable to obtain redress; notes further that several gambling companies licensed in Malta have begun transferring assets to other entities, thereby risking the effective enforcement of thousands of court judgments even if the contested legislation were to be withdrawn; deeply regrets, in this context, the Commission's delay in initiating infringement proceedings;

115. Recalls the findings of the Court's special report on the Digitalisation of Healthcare, which concluded that Union support to Member States has been overall effective in fostering the digital transformation of healthcare systems; notes, however, that Member States have faced difficulties in utilising Union funds allocated for this purpose and regrets that while the Commission monitors the progress achieved by Member States in the digitalisation of healthcare, it does not yet possess a comprehensive overview of how Union funds are being used to support these activities; calls on the Commission to implement in full the Court's recommendations, in particular by improving guidance to Member States, strengthening monitoring and performance-based oversight of Union funds used for digital health and ensuring that digital health investments uphold the highest standards of data protection, cybersecurity and interoperability;

116. Acknowledges that the EU4Health programme has contributed to the InvestEU programme through blending with the Union guarantee, thereby mobilising additional investments; notes in particular the contribution of EUR 110 million via an InvestEU top-up supporting EIB investments in innovative life-science projects related to medical countermeasures; underlines the importance of ensuring transparency, efficient coordination with national and Union funding instruments, and broad access to Member States so that these investments deliver strong European added value and strengthen the resilience of the Union's health systems; recalls the importance of investing in medical innovation and technologies at a European level and the importance of strengthening the cooperation between research institutions, private medical companies and public authorities to better serve the public interest;

117. Regrets the Commission's decision to discontinue operating grants supporting the health sector which represented just over 1 % of the EU4Health budget in 2024; observes that these changes have affected a continuity contribution to European public health objectives; stresses the importance of predictable and stable support mechanisms for stakeholder and civil society organisations active in health; suggests that future funding continues to be based on clear criteria of European added value, transparency, political neutrality, and measurable impact, to ensure resources are directed where they provide the greatest benefit for patients and health systems; highlights the role of stakeholder and civil society actors in contributing to Union health policy objectives and implementation;

118. Notes that the Commission allocated EUR 8 million in 2024 and EUR 20,9 million in 2025 for calls for proposals for the production of content on Union affairs by consortia of news media organisations, and that three media consortia currently receive Union funding; recalls that a free, independent and pluralistic press is a cornerstone of democratic accountability; considers that Union support for media can contribute to strengthening media pluralism and informed public debate across the Union, provided that strict safeguards are in place to ensure full editorial independence and transparency; underlines the importance of transparency regarding all financial support, including grants, contracts and indirect funding provided to media organisations, and that such information should be easily accessible and clearly presented;

119. Regrets that the Commission had not performed interim evaluations of the flagship programmes Erasmus+, European Solidarity Corps, and Creative Europe before the legally defined deadline; stresses that evaluations should inform decision-making for the current programming period, as well as for the future one;

Recommendations

120. Calls on the Commission to act on the Court's recommendations from its Annual Report to ensure that:

(i) audit authorities strengthen their control and detection capacity by verifying that they plan properly the sampling, confirm that compliance with eligibility criteria is proven, and keep proper documentation to support the audit trail;

(ii) when systematic weaknesses have been detected in operational programmes and a flat rate has been imposed, Member State authorities do not use the flat rate correction mechanism to avoid their responsibility to check the eligibility of the expenditure before declaring it to the Commission, and make individual recoveries as necessary;

121. Furthermore, calls on the Commission to:

(i) continue to address the systemic issue of non-detection of errors at Member State level in cohesion policy spending with the effective implementation of the action plan, aimed at increasing detection capacity at Member State and Commission level;

(ii) further strengthen guidance, coordination and monitoring in order to ensure greater legal certainty and more effective reuse of reflows across Member States;

(iii) work closely with Member States, in particular those facing structural or capacity constraints, to provide technical assistance, administrative simplification and sufficient flexibility in implementation in order to ensure the full and effective absorption of cohesion funds;

(iv) develop a methodology to measure the overall financial impact of EPPO and OLAF investigations, including amounts recovered following national court decisions in criminal proceedings, and to obtain regular information from Member States on asset recovery and the share returned to the Union budget as recommended by the Court;

(v) link recommendations from the Rule of Law Report to the implementation of concrete measures by the Member State concerned to have a stronger impact and contribute to protecting the Union's financial interests, and refers in this regard to the recommendations made in Parliament's resolution of 18 June 2025 on the Commission's 2024 Rule of Law Report;

(vi) step up its monitoring of the horizontal and thematic enabling conditions in all Member States to identify potential threats to the protection of the Union Budget and ensure enhanced transparency and stakeholder participation in the application of this tool;

(vii) 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;

(viii) exercise its right of initiative and propose measures to close any existing loopholes in the Union's legislative framework that could enable governments to transfer funds suspended in accordance with the Rule of Law Conditionality Regulation or on account of non-fulfilment of horizontal enabling conditions, and ensure that any future funding instruments contain adequate safeguards against circumvention;

(ix) urgently reassess and address the deterioration of the rule of law and risks to the Union budget in Hungary and take all necessary actions in accordance with the Conditionality Regulation and other available tools, including full suspension of Union funds;

(x) carry out an *ex post* evaluation of the financial impact of cohesion policy amendments on eastern border regions, notably the ERDF funds initially earmarked for cross-border cooperation with Russia and Belarus as well as funds reallocated in the context of the 2025 cohesion mid-term review, covering the extent to which Union funds originally intended for regions sharing a border with Russia and/or Belarus have ultimately remained in them or conversely been directed elsewhere, share its evaluation with the discharge authority, and urgently propose targeted financial support for these regions to counter the disproportionate impact of Russia's war of aggression, including remedying losses suffered as a result of the amendments during the current programming period;

(xi) reconsider the single audit approach until the weaknesses identified in the managing and audit authorities in Member States have been tackled;

(xii) ensure operating grants are provided under the EU4Health programme;

Natural resources and environment

122. Notes that the budget for the programmes under MFF Heading 3 'Natural resources and environment' was EUR 64,4 billion (33,7 % of the Union budget) distributed as follows: 59,2 % of this expenditure went to the European Agricultural Guarantee Fund (EAGF) – direct payments (EUR 38,1 billion), followed by EAFRD (EUR 15,5 billion, 24,0 %), Just Transition Fund (EUR 6,2 billion, 9,5 %), European Agricultural Guarantee Fund (EAGF) – market-related expenditure (EUR 2,7 billion, 4,1 %), Maritime and Fisheries (EUR 1,3 billion, 2,0 %), Environment and Climate (LIFE) (EUR 600 million, 0,9 %) and other (EUR 200 million, 0,3 %);

123. Underlines that in 2024 the common agricultural policy (CAP) represented the main share (87,3 %) of Union spending on natural resources and environment; recalls that 2024 was the second year of the CAP 2023-2027, which introduced a new delivery model incorporating performance-based elements, agreed with the Member States in Strategic Plans, as the basis for payments;

124. Notes that at the end of 2024, payments from EAFRD 2023-2027 amounted to EUR 6,3 billion (in 2023: EUR 700 million), representing an absorption rate of 9,5 % (compared to 1 % in 2023); stresses that delayed payments undermine farmers' income stability; notes the 32 % absorption rate of the Just Transition Fund; notes with concern the low absorption rate of European Maritime, Fisheries and Aquaculture Fund (EMFAF), which reached only 3 % by the end of 2024;

125. Notes that the Court has examined a sample of 228 transactions covering the full range of spending under this MFF heading in 19 Member States and the United Kingdom; notes with concern that the Court estimates the level of error for this heading to be 2,6 % (in 2023: 2,2 %); further notes that the Court found eight quantifiable errors (i.e. errors with a direct financial impact on the Union budget) in rural development, eight in eco-scheme transactions, a new type of intervention introduced under the 2023-2027 CAP to support agricultural practices that contribute to the climate and the environment goals and animal welfare, three in direct payments excluding eco-schemes, two in market measures, and one in a shared management transaction under the EMFAF; observes that the Court also detected 19 other compliance issues with no financial impact on the Union budget;

126. Notes the categorisation of errors by the Court, with administrative errors accounting for 44 % of errors, ineligibility issues for 28 %, non-respect of agri-environmental, climate, or eco-scheme commitments for 16 % and provision of inaccurate information on areas or animals for 12 %;

127. Expresses its concern that in case of 13 quantifiable errors, the Court considers that the Member State authorities had sufficient information to prevent, or to detect and correct the error before accepting the expenditure and that, had the Member State authorities made proper use of all the information at their disposal, the estimated level of error for this heading would have been 2,2 percentage points lower;

128. Draws attention to the need for simplification, further development and promotion of digital tools, and stronger controls to reduce the level of ineligible expenditure; stresses the importance of reducing administrative burdens on farmers to strengthen sound financial management;

129. Is reassured by the Court's conclusion that the direct payments under CAP, excluding eco-schemes remained free of material error in 2024; acknowledges the Commission's assessment that this confirms the important role the Integrated Administration and Control System (IACS) plays in preventing and reducing the risk of errors, as direct payments are managed by each Member State through IACS, which interlinks databases of holdings, aid applications, animal registries and agricultural areas;

130. Recalls that under the performance-based model of CAP 2023-2027, Member States set the rules to be complied with by final beneficiaries in accordance with the general framework of the Union, while the Commission focuses on performance results and the functioning of the systems that Member States put in place to ensure the respect of those conditions and no longer on the individual transactions; further recalls that accordingly for CAP 2023-2027, Member States are obliged to report to the Commission on output and result indicators related to policy performance, and not on control statistics; notes the Court's observation in its Special Report 07/2024 'The Commission's systems for recovering irregular EU expenditure' 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;

131. Notes the Commission's replies to the Court that it considers that the audit work of the Certification Bodies continues to be a key element of assurance for the CAP expenditure under the Strategic Plans; notes, furthermore, that for CAP 2023-2027, Member States are required to report to the Commission their assurance packages, including the new annual performance reports and the Certification Body's opinion and accompanying reports, which the Commission then uses, together with the results of its own audit findings and those of the Court, to

conclude on the assurance for CAP expenditure; underlines that the Commission does not calculate an error rate or risk at payment for expenditure under the CAP Strategic Plans; acknowledges the Commission's explanation that since 74,8 % of the expenditure of the MFF Heading 3 in 2024 corresponded to performance-based expenditure under CAP Strategic Plans, no risk at payment could be determined for this heading and, as a consequence, for the Union budget as a whole;

132. Observes that for 2024, Directorate-General for Agriculture and Rural Development (DG AGRI) assessed 82 % of CAP 2023-2027 spending as low-risk, 11 % as medium-risk, and the remaining 7 % as high-risk; notes the Court's clarification that low-risk spending corresponds to interventions unaffected by potential serious deficiencies in their governance systems and that most low-risk spending relates to direct payments and other support covered by the IACS; further notes that in its Annual Activity Report for 2024, DG AGRI combined the result of the performance-based and compliance-based payments and concluded that overall 77 % of CAP spending in 2024 was low-risk (compared to 69 % of CAP spending in 2023 and 72 % in 2022), 10 % was medium-risk, and 13 % was high-risk;

133. Notes with concern the reservations issued in DG AGRI's 2024 AAR, namely, ten reservations for nine Member States for IACS expenditure under CAP Strategic Plans due to potential serious deficiencies identified in the functioning of the governance systems, 6 reservations for five Member States concerning non-IACS expenditure under CAP Strategic Plans due to potential serious deficiencies identified in the functioning of the governance systems, six reservations for four Member States concerning market measures due to the significant occurrence of weaknesses in the legality and regularity of the underlying transactions, with the amount at risk estimated as EUR 14,92 million, one reservation for one Member State concerning direct payments under programme of options specifically relating to remoteness and insularity (POSEI) due to the significant occurrence of weaknesses in the legality and regularity of the underlying transactions, with the amount at risk estimated as EUR 28,83 million, 12 reservations for ten Member States concerning rural development due to the significant occurrence of weaknesses in the legality and regularity of the underlying transactions, with the amount at risk estimated as EUR 209,80 million;

134. Welcomes that as part of its 2024 audit, the Court also collected and analysed information on the introduction of annual performance reports for CAP 2023-2027; is reassured by the Court's overall conclusion that that annual performance reporting has, for the most part, been introduced as planned and that it has not identified any issues with the reported data; is reassured by the Court's finding that for the nine paying agencies it reviewed, correspondence can be established between the payments made and the outputs recorded in their IT systems for producing annual performance reports;

135. Notes the Court's finding, based on its survey of 19 Member States, that paying agencies' performance reporting systems were still under development in 2024, with 18 paying agencies having automated the production of performance indicators and two using a manual or partly automated approach to produce some key output indicators for their 2024 annual performance reports; notes with concern that the IT systems used for producing the annual performance reports, at the time of Court's audit work, had not yet undergone full testing to check their compliance with the international information security standards (ISO 27001);

136. Recalls that CAP 2023-2027 is structured around ten key objectives, including ensuring a viable, fair and stable income for farmers, safeguarding food security and strengthening the resilience of the agricultural sector; considers that direct income support under CAP should be better targeted to farmers actively engaged in agricultural production, while preserving legal certainty and avoiding excessive administrative constraints, with a specific focus on supporting those most in need, such as family-sized farms, small farms, farms located in areas facing natural constraints or other specific challenges, young farmers and female farmers; calls on the Commission to improve the efficiency and targeting of Union agricultural funds and ensure that only active farmers receive direct income support, while at the same time ensuring proportionality and maintaining robust controls;

137. Notes the Court's 2025 conclusions on Union funding for forest-fire-related action: while Member States increasingly used Union funds for prevention, the Commission had an incomplete overview of total forest-fire spending and monitoring of results was weak, an issue with clear agricultural and rural implications; calls on the Commission to improve aggregation of forest-fire related spending and to strengthen monitoring of outcomes and long-term sustainability of preventive measures;

138. Stresses that in the context of growing natural-disaster risks the Commission and Member States must ensure that Union-funded prevention measures are well-targeted, based on up-to-date risk assessments, and sustained beyond one-off project cycles so that investments deliver lasting benefits for agriculture and rural communities;

139. Is concerned by the allegations of large-scale fraud affecting Union agricultural funds, which were first reported in the media in February 2025, concerning the Greek Payment and Control Agency for Guidance and Guarantee Community Aids (OPEKEPE); recalls that EPPO published a press release in May 2025 confirming that they were conducting an investigation into an alleged organised fraud scheme involving agricultural funds and corruption involving public officials of OPEKEPE; recalls that EPPO has, according to press reports, handed over information to the Greek Parliament with a view to investigating two ministers who later stepped down; notes with concern EPPO's press release of 22 October 2025 that explains that in the course of EPPO's preliminary investigation, an organised criminal group, allegedly involved in a systematic large-scale subsidy fraud scheme and money-laundering activities, has been identified; acknowledges the measures taken by Greek authorities without delay, including, inter alia, the decision to establish a special investigative task force, comprising the Financial Police and the Independent Authority for Public Revenue; underlines, in this context, that the assets of several individuals suspected of involvement in the alleged criminal activities have been seized;

140. Acknowledges that DG AGRI issued in its AAR 2024 four reservations related to expenditure managed by OPEKEPE; notes that one such reservation covers all the IACS interventions under the CAP Strategic Plans, as DG AGRI's conformity audit and the work of the certification body revealed a number of potential serious deficiencies in relation to the implementation of the identification system for agricultural parcels, as well as in the design and functioning of the management and control system; notes another reservation was issued concerning non-IACS expenditure under the CAP Strategic Plans covering the wine sector and apiculture due to potential serious deficiencies in relation to the design or set-up of the systems not covering the principles of economy, efficiency and measures to avoid double funding; notes that the third reservation for OPEKEPE concerns 2014-2022 rural development programmes, for which the adjusted error rate is estimated to be 7,45 %, due to DG AGRI's audits in 2023 and 2024 that identified several weaknesses related to land parcel identification system, weaknesses in the OPEKEPE's on-the-spot checks, serious deficiencies with regard to the supervision and checks of the local action groups, procedures to verify the potential creation of artificial conditions, checks on double financing and public procurement and deficiencies in the evaluation of the reasonableness of costs and verification of SME status; notes the fourth reservation concerning market measures outside of CAP Strategic Plans was issued covering fruit and vegetable producer organisations and exceptional measures, for which an adjusted error rate of 10 % is estimated following DG AGRI's audit in 2024 that identified deficiencies in administrative and on-the-spot checks impacting exceptional measures and due to fact that, based on the Certification Body's assessment, adjustments were made to the error rates for fruit and vegetable producer organisations and promotion; acknowledges that the Greek Authorities drew up an Action Plan, which has been accepted by DG AGRI as a sufficient basis for remedying the above mentioned deficiencies; recalls that all corrective measures are subject to ongoing monitoring by the Commission; insists that the Commission report to the discharge authority on the implementation of the action plan and on measurable improvements in control performance;

141. Acknowledges the Commission's written replies that in 2023 and again in June 2024, DG AGRI requested that the Greek competent authority places OPEKEPE's accreditation under probation; notes the explanation in DG AGRI's AAR that deficiencies affecting several accreditation criteria were identified by the Certification Body and by DG AGRI, and as a result, Greek authorities put the accreditation of OPEKEPE under probation in September 2024 and drew up an accreditation action plan; further notes that the Commission is following the progress of the

implementation of this remedial action plan; insists that the Commission share the latest revised action plan and its assessment with the discharge authority; acknowledges that Greek authorities have taken corrective measures without delay to address the identified structural weaknesses, enhance transparency of beneficiaries and reinforce controls and anti-fraud measures; welcomes in this context, the reform recently introduced by law to fully transfer OPEKEPE to the Independent Authority for Public Revenues (AADE);

142. Notes the Commission's reply that in June 2025, the Commission applied a financial correction of EUR 415 million for the deficiencies identified in the management and control system in Greece during the years 2015-2022 ([13]); notes with concern that the Commission was aware of serious deficiencies related to OPEKEPE since at least 2021, as a then ongoing accreditation related conformity enquiry was already reported in DG AGRI's AAR for 2021; regrets the fact that the Commission has not taken action earlier to thoroughly investigate the serious deficiencies found in relation to OPEKEPE's work, mitigate risks and better protect the Union budget;

143. Expresses its concerns over the number of irregularities and allegations of fraud related to Union-funded guesthouses; notes the Commission's written replies that for the 2014-2022 programming period, guesthouses were financed, together with other types of investments, under Rural Development sub-measure 6.4 (investments in creation and development of non-agricultural activities) and the Leader programme; finds it regrettable, that since the Member States are not reporting to the Commission the number and type of investments supported by these measures, the Commission could not provide to the discharge authority an overview of Union-funded guesthouse projects; notes that the Commission's audits on rural development measures are system-based and do not assess the legality and regularity of individual transactions; acknowledges the Commission's written reply that findings on the management and control system implemented by the Member States in connection with guesthouses have been raised in Hungary, Slovakia (measure 6.4) and in Greece (Leader); considers that given the number of fraud allegations connected to guesthouses, the Commission should also monitor and audit individual guesthouse projects, including their use beyond the project implementation period and consider extending the durability period for these kinds of projects to prevent further misuse as well as to introduce strict conflict of interest checks as a prerequisite for the allocation of Union funds to build guesthouses;

144. Recalls that a former Prime Minister of Czechia was found to have been in a situation of conflict of interest during his previous term in office and the related European Parliament resolution of 13 December 2018 ([14]); notes the Commission's written replies concerning the measures taken in response to the conflict of interest arising from his ownership of a private holding company while holding public office and that the Commission suspended in March 2020 the payment of one project worth EUR 30 606,96; notes that in June 2022, the Commission applied a financial correction of EUR 3,3 million to Czechia, part of which (EUR 30 606,96) concerned the situation of conflict of interest of the Prime Minister during his mandate that ended in 2021 ([15]); insists that the Commission should continue to monitor possible conflicts of interest that might affect Union funds, especially in relation to elected officials, and take action to protect the Union budget;

145. Notes that following national elections, a new government took office in Czechia in December 2025; takes note of public statements by the Prime Minister, indicating an intention to relinquish ownership and control of business interests potentially benefiting from Union funds through the creation of an allegedly irreversible trust arrangement; notes, however, that as of mid-January 2026, no publicly available legal documentation has been provided to demonstrate the effective establishment and operational safeguards of such arrangements and that the Prime Minister of Czechia continues, at present, to own Agrofert and other business interests which could potentially benefit from Union funds; stresses that the mere announcement of future arrangements is insufficient to dispel concerns of conflict of interest; insists that any future arrangements must ensure the effective removal of

([13]) Commission Implementing Decision (EU) 2025/1147 of 11 June 2025 excluding from European Union financing certain expenditure incurred by certain Member States under the European Agricultural Guarantee Fund (EAGF) and under the European Agricultural Fund for Rural Development (EAFRD) (OJ L, 2025/1147, 13.6.2025, ELI: http://data.europa.eu/eli/dec_impl/2025/1147/oj).

([14]) Texts adopted, P8_TA(2018)0530.

([15]) Commission Implementing Decision (EU) 2022/908 of 8 June 2022 excluding from European Union financing certain expenditure incurred by the Member States under the European Agricultural Guarantee Fund (EAGF) and under the European Agricultural Fund for Rural Development (EAFRD) (OJ L 157, 10.6.2022, p. 15, ELI: http://data.europa.eu/eli/dec_impl/2022/908/oj).

economic interests and influence, in line with Union rules on conflict of interest; welcomes recent media reports that the Commission has formally requested detailed information from the Czech authorities on the measures put in place to prevent potential conflicts of interest in relation to companies owned or controlled by the Prime Minister, and has sought assurances that no further Union funds are directed to Agrofert until the situation is fully clarified;

146. Recalls that climate and biodiversity are two of the horizontal policy priorities for the 2021-2027 Union budget; notes that the Commission defines climate and biodiversity mainstreaming as the systematic consideration of climate and biodiversity objectives in the design, preparation, implementation and evaluation of each spending programme;

147. Recalls that the 2020 Interinstitutional Agreement established a binding 30 % target for climate spending, but only an annual 'ambition' of 7,5 % in 2025 and 10 % in 2026 and 2027 for biodiversity spending; notes that the Commission tracks Union spending on climate and biodiversity-related activities by means of dedicated methodologies; stresses that the climate and biodiversity tracking methodologies are *ex ante* tagging systems based on the expected effect of activities and do not factor in results; recalls that the mainstreaming of priorities in the Union budget entails the consideration of that priority in all stages of the budgetary cycle; underlines, therefore, that the tracking of spending related to climate or biodiversity objectives is only one step in a comprehensive green budgeting cycle, in which climate and biodiversity objectives are considered throughout the whole lifecycle of the budget;

148. Notes that applying its climate and biodiversity tracking methodologies, the Commission calculates that the Union is on track to meet its 30 % climate spending target for 2021-2027 and its biodiversity spending ambition of 7,5 % for 2025; regrets that it is not on track to meet its biodiversity spending ambition of 10 % for 2026 and 2027; notes, furthermore, that there is an average annual financing gap of EUR 21,4 billion to achieve Union biodiversity goals ([16]); underlines that increased budgetary allocations must be accompanied by improved effectiveness, better monitoring of biodiversity outcomes, while making sure that these changes to do not create disproportionate administrative burdens for farmers and local authorities;

149. Is concerned that in several audits, the Court found that Union funds' contribution to climate objectives was unclear and potentially overestimated due to weaknesses in the Commission tracking methodologies; recalls that in its Special Report 09/2022 on climate spending in the 2014-2020 Union budget, the Court found that the climate contribution of the Union budget had been overstated by EUR 72 billion under the 2014-2020 MFF, as reported spending was not always relevant to climate action, including under the CAP; is aware that in response to above special report the Commission commissioned a study with a view to establishing a more scientific approach to quantify the CAP climate contribution and considers that the study should be made public; looks forward to receiving the Court's assessment of the Commission's follow-up of its recommendations made in Special Report 09/2022 in 2026;

150. Notes the Commission's written reply that from 2021 to 2023, agricultural greenhouse gas emissions in the Union decreased by 3 %, while those for energy supply and industry decreased by 16 %; considers all policy areas and activities must contribute fairly to reducing emissions; notes the Court's Special Report 20/2024 on Common Agriculture Policy Plans and the Commission's reply; in particular, notes the Court's assessment that the CAP Strategic Plans 2023-2027 represent an improvement compared to the previous programming period, including with regard to climate and environment considerations, though the monitoring and performance framework could be further strengthened; welcomes that the Court also recommends the Commission to estimate the CAP's contribution to the Green Deal targets and strengthen the future CAP monitoring framework with a view to improving its contribution to the Union's climate and environmental objectives; considers that improvements to the monitoring and performance framework should not result in additional administrative burden for farmers or managing authorities;

151. Notes the Court's Special Report 14/2024 'Green transition – Unclear contribution from the Recovery and Resilience Facility' and the Commission's reply; takes notes of Court's findings highlighting weaknesses and limitations in the design and implementation of the RRF as regards the measurement of its contribution to climate

([16]) EC, 2022, Biodiversity financing and tracking: final report, Publications Office of the European Union, Luxembourg (https://data.europa.eu/doi/10.2779/950856).

and environmental objectives; notes that the Court found that tracking climate expenditure involves a high level of approximation and some coefficients were leading to potential overestimations; welcomes that the Court recommends that the Commission further refine methodologies for estimating climate spending in future funding instruments and to incorporate the lessons in the design of future funding instruments supporting the climate and environmental objectives and targets;

152. Notes the Court's Special Report 15/2024 on climate adaptation in the Union and the Commission's reply; appreciates the Court's conclusion that the overall Union framework for adaptation policy was sound; is concerned by the finding that Member States sometimes used outdated scientific data for their national adaptation strategy documents and that the Member States' reporting on climate adaptation was insufficient and added little value in terms of tracking progress; is disappointed by the Court's findings that a third of the sampled projects had little or no impact on increasing adaptive capacity and that there is a risk that two projects (out of 36) might result in maladaptation; welcomes that the Court also recommends that the Commission improve reporting on climate adaptation through common indicators to measure progress and follow up on the weaknesses identified;

153. Recalls that all Union spending must comply with the horizontal 'do no significant harm' (DNSH) principle, laid down in point 16 of the Interinstitutional Agreement, which stipulates that Union spending must not cause harm to the six environmental objectives set out in Article 17 of the Taxonomy Regulation ([17]), namely climate mitigation and adaptation, sustainable use and protection of water resources, the circular economy, pollution prevention and control, and biodiversity protection; considers that, in light of the Court's recurrent findings, the negative environmental effects of Union spending should also be tracked and reported on;

154. Recalls that EU Emissions Trading System (EU ETS) is a key component of the European Green Deal and one of the main instruments for achieving the Union's climate ambition; welcomes that according to the Directorate-General for Climate Action's (DG CLIMA) 2024 AAR, the EU ETS generated EUR 43,6 billion of revenue for climate-action investments in the previous year, out of which EUR 7,4 billion was supplied to the ETS Innovation Fund and the Modernisation Fund and EUR 2,8 billion was supplied to the RRF, which Member States use to advance the clean energy transition and boost energy security; notes the finding of 2024 IAS audit on the implementation and monitoring of the EU ETS that despite the heavy workload, complex legal framework and scarce resources they operate with, the DG CLIMA staff showed commitment to perform their tasks and willingness to improve the efficiency of the EU ETS related processes; appreciates the Commission's written confirmation that DG CLIMA intends to address most internal audit recommendations by 2025 and all by mid-2028;

155. Recalls that since 2010, DG CLIMA has issued a reservation in all of its AARs on reputational, legal and/or financial grounds related to security weaknesses identified in the Union Registry for the EU ETS, which was maintained in the AAR 2024; deplores the fact that the underlying weaknesses have not been addressed since 2010; is alarmed by the Commission's written clarification that the level of risk is closely linked to the value of the assets handled by the EU ETS, which have increased tenfold since 2017, and is also further aggravated by the deteriorating geopolitical context; underlines, that while the financial impact of the reservation for 2024 cannot be quantified, at the time of DG CLIMA's AAR 2024 the Union Registry held allowances in the value of over EUR 200 billion at current prices;

156. Notes with concern the Commission's written reply that the evolution of the risk landscape has systematically outpaced the speed by which the Commission was able to improve security measures; understands that in the Commission's assessment the security risk identified in the Union Registry for the EU ETS can only be resolved with an increased level of spending and, ultimately, by externalising the Union Registry; is appalled that the proposal to address the security weaknesses of the Union Registry is stalled primarily by the non-availability of appropriate human and financial resources; notes with concern the Commission's written reply that those resources should come from the introduction of fees per services to the Member States to finance the operation of the EU ETS, but as a suitable legal basis for the introduction of a service fee needs to be first proposed in the ETS Directive, the Commission considers that a solution cannot be found before 2028; considers it imperative that appropriate resources be made available without delay to address the major financial, legal and reputational risks to the Union that the security weaknesses of the Union Registry entail;

([17]) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: http://data.europa.eu/eli/reg/2020/852/oj).

157. 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 provide 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;

158. Recognises the importance of the LIFE programme, the Union's only standalone programme for the environment and climate action, in supporting nature conservation, circular economy initiatives, climate action and the clean energy transition, and more broadly in promoting sustainable development across the Union; recalls that the provisions of the LIFE Regulation, including Article 11(6), provide that operating grants may support the functioning of non-profit making entities active in the development, implementation and enforcement of Union legislation and policy; stresses, however, that such operating grants must be implemented in strict compliance with Union legal, financial and transparency requirements; stresses, furthermore, the importance of clear safeguards to ensure that Union funds are used exclusively for the objectives defined in the programme; notes that operating grants allocated to NGOs under the LIFE Programme represent approximately 1 % of the programme's total budget; calls on the Commission to ensure robust monitoring, full accountability and transparency in the use of the Union funds, including advocacy activities;

159. Takes note of concerns raised by certain MEPs regarding the use of LIFE operating and action grants by certain beneficiaries, such as civil society organisations and companies; stresses the importance of full transparency with regard to both beneficiaries and the activities financed, continued monitoring and, where necessary, further clarification of the safeguards in place to ensure that Union funds are used exclusively for the objectives defined in the programme;

160. Notes that a review of funding contracts under the discharge procedure indicates that activities related to influencing public policy or decision-making may occur across different categories of beneficiaries, including NGOs; expresses its concern that, in some cases, companies receiving Union funding for such activities may simultaneously have Union decision-makers sitting on their boards and receiving remuneration; stresses that safeguards must ensure that any potential conflicts of interest are prevented and that Union funds are managed transparently, independently of the type of beneficiary; highlights the need to ensure consistent oversight and verification across all beneficiaries to guarantee compliance with the Commission's 2024 guidance on activities supporting the development, implementation, monitoring and enforcement of Union legislation and policy; encourages, therefore, the creation of a standardised review process for applications to operating grants including having at least two members of the Commission or agency staff reading and reviewing application proposals and the creation of a standardised set of rules in the selection of external experts for the evaluation board of operating grants;

Recommendations

161. Calls on the Commission to:

(i) in cooperation with Member States, make available the financial and human resources necessary to urgently resolve the remaining significant security weaknesses identified in the Union Registry of the EU ETS;

(ii) provide support to Member States to simplify eco-schemes, as recommended by the Court, without lowering their environmental ambition;

(iii) support Member States with testing and upgrading the IT systems used for producing the annual performance reports, to ensure their compliance with the applicable international information security standards;

(iv) keep the discharge authority informed about the recovery rates of agricultural expenditure under the 2023-2027 CAP, and consider the introduction of new incentives for Member States to recover funds;

(v) together with Member States, accelerate disbursements of the EAFRD and mobilise measures to increase absorption where delays persist, ensuring balanced support across all regions;

(vi) support Member States in targeting funds to high-value preventive measures (e.g. landscape management, maintenance of agricultural firebreaks, restoration of degraded soils, purchase and supply of veterinary vaccines) and promote the dissemination of best practices and effective agriculture projects across Member States;

(vii) improve the sound financial management of the current and future CAP by ensuring that direct income support is provided only to active farmers, with a specific focus on those most in need, such as family-sized and small farms, farms in areas with natural or other specific challenges, young and female farmers;

(viii) introduce all possible measures aimed at reducing the adverse impacts of the EU-Mercosur agreement on European agriculture and the market position of European producers, and to reliably monitor the scale as well as the actual effects of these impacts;

(ix) conduct financial and compliance audits of Union-funded guesthouse projects on a risk basis;

(x) closely monitor the use of Union-funded guesthouse projects beyond the project implementation period and consider extending the durability period for these kinds of projects to prevent continued misuse as well as introduce strict conflict of interests checks as a prerequisite for the allocation of Union funds to build guesthouses;

(xi) collect data from Member State authorities on the number of guesthouse projects funded by Union budget since 2021, indicating also any irregularities detected, and share this information with the discharge authority;

(xii) monitor possible conflicts of interests affecting Union funds, and ensure that conflicts of interests are actually resolved, including for Members of the European Council and ensure, in particular, that no Union funds are paid, directly or indirectly, to any beneficiaries where conflict of interest has been identified and has not been demonstrably and verifiably resolved;

(xiii) share the letter addressed to the Czech authorities to clarify the conflict of interest situation of the Prime Minister with the discharge authority and keep it fully informed of any follow-up steps, including the possible launch of an audit procedure;

(xiv) share with the discharge authority all relevant documents concerning the Commission’s follow-up of the OPEKEPE case, including the up-to-date action plan and its assessment by the Commission, under specific confidential modalities, if necessary;

(xv) draw lessons learnt from the OPEKEPE case, strengthen the control system of the Union agricultural funds, reinforce the Commission’s control activities accordingly and report back to the discharge authority on the measures taken;

(xvi) improve its methodology used to track Union spending on climate and biodiversity-related activities of 2021-2027 MFF, including by addressing the relevant recommendations made in the Court’s special reports as well as improving the monitoring and reporting of actual results of investments and negative effects of Union spending on environment and biodiversity objectives;

(xvii) ensure that climate and environmental considerations are taken into account in the next MFF;

(xviii) propose a dedicated, detailed plan to ensure that the biodiversity spending target set for the years 2026 and 2027 is met, foster financial tools to close the financing gap and fully implement environmental legislation and mainstreaming biodiversity action into key sectors in order to reach policy targets, including with the view of providing financing for the implementation of the Nature Restoration Regulation;

(xix) continue to verify that funding agreements with all types of beneficiaries comply with the Commission guidance of May 2024 on funding for activities related to the development, implementation, monitoring and enforcement of Union legislation and policy;

(xx) ensure strict compliance with Article 61 of the Financial Regulation by effectively preventing, identifying and managing conflicts of interest when concluding grant agreements in particular with beneficiaries that employ or remunerate Union decision-makers;

(xxi) ensure that all grant agreements, including operating grants, respect the necessary requirements related to transparency, traceability and visibility of funds;

(xxii) incorporate in its checks and systems a risk-based verification of recipients’ compliance with Union values, in order to detect potential breaches;

Migration and Border Management

162. Notes that in 2024 the budget for the programmes under MFF Heading 4 'Migration and Border Management' was EUR 3,4 billion (1,8 % of the Union budget spending) distributed as follows: EUR 1,4 billion (40,1 %) for the Asylum, Migration and Integration Fund (AMIF), EUR 1,3 billion (37,7 %) for three decentralised agencies, the European Border and 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); and EUR 0,8 billion (22,2 %) for the Integrated Border Management Fund (IBMF), which is composed of the Border Management and Visa Instrument (BMVI) and the Customs Control Equipment Instrument (CCEI);

163. Recalls that AMIF funding for 2014-2020 had to be spent by June 2024 and the final accounts had to be submitted by 31 December 2024; notes the Court's finding that, at the time of their audit, a material amount of AMIF 2014-2020 funding remained to be cleared (12 % or EUR 528 million) pending acceptance of these final accounts by the Commission; acknowledges the Commission's reply that the total expenditure declared by the Member States during the period 2014-2020, including the submission of the final accounts, amounted to 94 % of AMIF;

164. Notes that the Court examined a sample of 23 transactions, which it considered 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 errors due to eligibility and procurement issues and the absence of supporting documents and that thus it is deemed a high-risk area (8 out of 23 transactions audited were affected by errors); is concerned that the Court detected three quantifiable errors which had a financial impact on the Union budget, seven cases of non-compliance with legal and financial provisions (which had no direct financial impact on the Union budget) and two transactions that did not comply with the principles of sound financial management due to inadequate protection of Union-funded equipment and reimbursement of value added tax to public bodies above incurred costs contrary to Commission guidance; notes that the Commission estimates that the risk at payment in 2024 is 1,3 % for the expenditure on migration and border management;

165. Welcomes the Court's conclusion that the Commission has fully addressed two recommendations the Court made in its 2021 Annual Report and one recommendation made in its 2022 Annual Report, which relate to providing further guidance to the beneficiaries of Union action and emergency assistance and to conducting better targeted *ex ante* checks; appreciates the adoption of the revised control strategy for Emergency Assistance projects implemented under direct and indirect management in the Directorate-General for Migration and Home Affairs (DG HOME) in December 2024;

166. Expresses its dissatisfaction with the fact that the Court continues to experience difficulties with obtaining the documentation necessary to carry out its mandate from international organisations implementing Union-funded projects; notes with concern that some international organisations restricted the Court's access to documents to a temporary electronic consultation in a view-only environment and the Court's conclusion that this indicates a lack of precision in the Commission's contractual arrangements with international organisations; notes the Commission's reply that they consider that the existing contractual agreements with the international organisations already provide a framework to ensure document accessibility in a manner that permits the required checks; regrets the fact that the Commission has not fully accepted the Court's recommendation to address this recurring issue, especially given that the Court's difficulties with auditing international organisations implementing Union-funded projects have persisted since their audit of the 2018 financial year; insists that the Commission's contractual arrangements with partners must guarantee the Court's full audit rights, including the ability to download and retain evidence necessary for audit, review, quality control and follow-up;

167. Notes with concern that two reservations on the declaration of assurance were issued in DG HOME's Annual Activity Report for 2024; notes that one reservation concerns the implementation of 2014-2020 AMIF and ISF programmes in several Member States due to serious deficiencies in management and control systems for these programmes detected by DG HOME; further notes that the other reservation concerns 2021-2027 AMIF, BMVI and ISF programmes in several Member States due to serious deficiencies in the management and control systems for these programmes;

168. Notes that Member States submitted their first national annual accounts for the 2021-2027 AMIF and BMVI programmes in 2024; further notes that the Court has reviewed five audit authorities' work in relation to their annual control reports and audits of AMIF and BMVI expenditure; welcomes the Court findings that the audit authorities had developed and implemented detailed procedures of sufficient quality to report on their work in the annual control report;

169. Further notes the Court's conclusion that the audit authorities it has reviewed had detailed audit programmes and used the checklists to support their conclusions; notes with concern that the Court has also observed some weaknesses in the audit authorities work; acknowledges the Commission's acceptance of the Court's recommendation to follow up the shortcomings in audit authorities' work;

170. Expresses its concern that detailed and comprehensive data on Union home affairs spending, especially under shared management by Member States, is difficult to obtain, impeding sound oversight by the budgetary and discharge authority; calls for increased transparency in this regard;

171. Welcomes the adoption of the Pact on Migration and Asylum in 2024 and recalls that its implementation is a corner stone for the new system of migration and asylum management in the EU, which will be in application mid-2026 in all Member States; welcomes, further, the allocation of an additional EUR 2 billion to MFF Heading 4 for 2024-2027 in the context of the mid-term revision of the MFF 2021-2027, also with a view to enabling the full implementation of the new rules of the Pact and addressing the growing challenges in migration and border management resulting from the current geopolitical context; stresses the importance of ensuring sufficient funding for its effective implementation, including new border procedures, and thus appreciates the Commission's written replies that confirm that it has made available additional EUR 3 billion under the AMIF and BMVI for the years 2025-2027 to, inter alia, support Member States hosting persons fleeing the war in Ukraine;

172. Stresses that managing the Union's external borders is a pillar of the Pact on Migration and Asylum and an essential precondition for a functioning Schengen area of free movement; recognises that EU-funded projects that support the protection of the external border serve to ease the pressure on internal border protection, as stated by the Commissioner for Budget, Anti-Fraud and Public Administration in his hearing in the Committee on Budgetary Control on 8 December 2025; acknowledges that while the overall number of migrants arriving irregularly in the Union decreased by 38 percent in 2024, patterns shifted across the continent with certain routes seeing significant increases, notably the Eastern Borders route, where a threefold increase in crossings was reported in 2024; 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;

173. Maintains that the Union needs to better protect vulnerable people from smuggling and trafficking networks, address hybrid attacks and the instrumentalisation of migration by third countries or hostile non-state actors; notes that following the adoption of the Commission Communication of 11 December 2024 ([18]), the Commission has allocated approximately EUR 520 million to Member States bordering Russia and Belarus through the BMVI, in order to strengthen border management capacities and address security and migration-related challenges; highlights, in particular, the need for supporting frontline Member States for the purposes of securing the EU's external borders;

174. Honours the memory of Mateusz Sitek, a Polish border guard who was killed on 6 June 2024 while defending the Union's external border against a hybrid attack orchestrated by the Belarusian regime; stresses that the protection of the external borders of the Union is not an abstract policy objective but a matter of life and death for the men and women serving on the frontline; calls on the Commission to ensure that adequate financial and operational support is provided to frontline Member States facing hybrid threats at the Union's external borders;

([18]) Communication from the Commission to the European Parliament and the Council on countering hybrid threats from the weaponisation of migration and strengthening security at the EU's external borders (COM/2024/570 final).

175. Acknowledges the Commission's ongoing efforts to strengthen meaningful cooperation with third countries of origin and transit, in particular those neighbouring the Union in view of addressing irregular migration at the source; underlines the need for adequate oversight and due diligence when allocating funds to partners involved in migration management outside the EU, in order to ensure that migration is managed in a mutually beneficial manner and in alignment with European Asylum and Migration Strategy, including on fundamental rights; urges the Commission to reinforce the transparency and accountability of Union home affairs funds in third countries;

176. Recalls that solidarity and fair responsibility-sharing, in line with the Treaties, are core principles underpinning the Union's migration and asylum policy; acknowledges the Commission's ongoing efforts to enhance solidarity and responsibility sharing between Member States, in particular towards those most affected by migration and asylum challenges, including the instrumentalisation of migration; highlights in this context the role of the AMIF in supporting Member States in reception, asylum procedures, integration measures and resettlement, including for persons fleeing conflicts and humanitarian crises; underlines that the effective implementation of the Pact on Migration and Asylum requires sufficient, well-managed and timely funding to support solidarity measures across the Union;

177. Observes that in 2024, 37,7 % of Union funding for migration and border management was allocated to decentralised agencies in the area of migration and Home Affairs; recalls that while decentralised agencies are legally and financially independent from the Commission, the Commission retains an oversight responsibility over their activities; reiterates that migration management must be carried out in full compliance with Union law, including fundamental rights; welcomes the Commission's written replies highlighting the need to further strengthen monitoring and accountability mechanisms, including with regard to Frontex's activities;

Recommendations

178. Invites the Court to provide an estimate of the error rate for MFF Heading 4;

179. Calls on the Commission to:

(i) fully implement the Court's recommendations, including ensuring that its contractual arrangements with international organisations fully respect the Court's audit rights;

(ii) address system deficiencies, together with Member State authorities, related to the reservations issued in DG HOME's Annual Activity Report 2024, and if necessary, also launch conformity clearance procedures and issue recovery orders for the amounts paid to Member States and considered as irregular by the Commission;

(iii) continue to monitor and scrutinise the steps required by Member States and Union agencies for the full and timely implementation of the Pact on Migration and Asylum by 2026, and report to the Parliament on progress towards its implementation and grant the Parliament access to all relevant documents to facilitate effective democratic oversight of the implementation process;

(iv) provide support to frontline Member States for the purposes of securing the external borders of the EU;

(v) increase the transparency and accountability of the programming and implementation of the Union home affairs funds by ensuring detailed and comprehensive data, including as regards funds spent in third countries, while safeguarding the role of Parliament in ensuring democratic scrutiny of Union spending;

(vi) enforce transparent and independent human rights monitoring mechanisms of Union home affairs funds in third countries;

(vii) closely monitor Union-funded border management actions, in particular to ensure full compliance with Union fundamental rights obligations and the principle of non-refoulement;

Security and Defence

180. Notes that in 2024 the budget for the programmes under MFF Heading 5 'Security and Defence' was EUR 2,1 billion (1,1 % of the Union budget spending) distributed as follows: EUR 800 million (36,9 %) for the European Defence Fund (EDF), EUR 300 million (15,9 %) for military mobility, EUR 300 million (13,3 %) for Defence instruments and Union Secure Connectivity; EUR 300 million (12,1 %) for decentralised agencies, namely the European Union Drug Agency (EUDA), European Union Agency for Law Enforcement Cooperation (Europol), and European Union Agency for Law Enforcement Training (CEPOL), EUR 300 million (11,9 %) for nuclear safety, decommissioning and other areas, and EUR 200 million (9,9 %) for the Internal Security Fund (ISF);

181. Recalls that ISF funding for 2014-2020 had to be spent by June 2024 and the final accounts had to be submitted by 31 December 2024; notes the Court's finding that, at the time of their audit, a material amount of ISF funding remained to be cleared (16 % or EUR 505 million) pending acceptance of these final accounts by the Commission; acknowledges the Commission's reply that the total expenditure declared by the Member States during the period 2014-2020, including the submission of the final accounts, amounted to 94 % of ISF;

182. 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; notes that the Commissioner for Defence and Space has clarified during his hearing in the Committee on Budgetary Control on 6 November 2025 that the Court's Annual Report 2024 does not include any errors found on defence projects; further notes that the Commission estimates that in 2024 the risk at payment was 0,5 % for expenditure on security and defence;

183. Recalls that the highly unstable geopolitical situation in the Union's neighbourhood is 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; reaffirms its position that Russia represents the primary and most significant threat to the Union and its Member States; recalls 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;

184. Recalls that defence capabilities in the Union suffer from decades of under-investment and that, according to the Commission, the defence spending gap for the next decade currently stands at EUR 500 billion; welcomes that due to the urgent need to boost defence capabilities, the number of Union defence funding instruments has increased since Russia's war of aggression against Ukraine; notes that Union defence instruments include extra-budgetary ones such as the European Peace Facility (EPF), and the Security Action for Europe (SAFE), a temporary defence loan instrument; stresses, furthermore, that in addition to defence funding programmes, other Union programmes can serve dual-use purposes, notably the Military Mobility component of the Connecting Europe Facility (CEF) and the Union Secure Connectivity programme, established in 2023 primarily to provide Union Member States with guaranteed access to highly secure, sovereign and global connectivity services; also notes that after its mid-term review in September 2025, cohesion policy funds can also be used to improve military mobility and develop defence infrastructure, especially in the Eastern border regions;

185. Appreciates the Commission's written replies that acknowledge that the multitude of defence-related instruments resulted in a fragmented funding landscape, with certain overlaps and gaps; underlines the need for a comprehensive and long-term Union approach to security and defence funding, responding to both conventional military threats and non-conventional threats; stresses the need for further improving the transparency of Union defence funding, including by guaranteeing the Court's audit rights for all instruments and ensuring that the discharge authority can exercise democratic scrutiny of all Union-funded activities; highlights the need for increasing the user-friendliness of information on Union defence funding published, with a view to also benefiting applicants and beneficiaries, especially SMEs; underlines that the participation of SMEs across all Member States should be facilitated and promoted, and their fair and equitable access to Union-funded projects ensured; encourages sustained investment and support for SMEs;

186. Stresses that the rapid increase in Union defence and security expenditure in 2024 requires proportional audit arrangements, allowing effective access for the Court, OLAF and the EPPO to all relevant documentation, including projects with dual-use technologies; recalls that the Commission itself acknowledged that access to classified deliverables can be delayed where Member States are 'originators' of classification and underlines that, where audit access is limited for duly justified reasons such as the classified nature of projects, appropriate measures and constructive solutions should be pursued to ensure full compliance with financial oversight requirements and the sound management of Union funds;

187. 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;

188. Recalls that the EDF's general objective is to foster the competitiveness, efficiency and innovation capacity of the European defence technological and industrial base (EDTIB) throughout the Union; notes that, as outlined in the Commission's written replies, EDF funding amounting to EUR 227,9 million was allocated to 20 projects related to artificial intelligence and further EUR 171,1 million was allocated to 18 projects focused on aerial-drone technologies, while 50 projects focused on what can be classified as traditional defence equipment, relating to ground, air and naval combat, underwater, air missiles defence and chemical, biological, radiological and nuclear (CBRN) risk mitigation, were supported with a total of EUR 1,49 billion from the EDF; notes that since 2021, less than EUR 400 million from EDF was spent on projects related to artificial intelligence and drone technologies, despite the fact that experience from ongoing and recent conflicts suggests that cyber capabilities, artificial intelligence and unmanned systems, including drones, can play an increasingly important role in modern warfare; considers that in the funding of technologies those that provide the greatest operational advantage should be prioritised;

189. Notes the Court's Special Report 04/2025 on EU military mobility and the Commission's replies; is concerned by the Court's overall conclusion that the second EU action plan on military mobility, published in November 2022, 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 obstacles to implementation; notes with concern 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; notes the fact, highlighted by the Court, that parliamentary oversight of all Union military mobility activities is not always feasible due to the fact that not all projects are funded through the Union budget, as is the case for the European Defence Agency (EDA) or the Permanent Structured Cooperation (PESCO);

190. Expresses its 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 already been exhausted, while at least EUR 100 billion investment is estimated to be needed for addressing the 500 hotspots identified in the Union as needing urgent upgrading ([19]); notes the Commission's written reply that the 2024 revision of the TEN-T Regulation introduced elements to integrate military mobility into Union transport policy; further notes that the European Commission and the High Representative adopted the Military Mobility Package 2025; reiterates the importance of further strengthening the responsiveness and efficiency of Union military mobility by reducing regulatory and procedural complexity, enhancing harmonisation and streamlining coordination to reduce delays and improve operational readiness;

([19]) Joint Communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 16 October 2025 entitled 'Preserving Peace – Defence Readiness Roadmap 2030' (JOIN(2025) 27 final).

Recommendations

191. Invites the Court to provide an estimate of the error rate for MFF Heading 5;

192. Calls on the Commission to:

(i) continue its efforts to enhance the transparency of Union spending on defence across all relevant instruments, including by facilitating the Court's audit work in line with the applicable legal framework and by ensuring that the discharge authority is appropriately informed so as to exercise democratic scrutiny of Union-funded activities during the adoption, design and implementation phases;

(ii) provide the discharge authority with regular consolidated reporting on the budget execution and performance of all defence-related expenditure from the Union budget, off-budget instruments and all other relevant instruments, such as military mobility and security-related programmes, in order to enable democratic scrutiny;

(iii) provide to the Parliament more systematic follow-up and reporting on Union defence and military mobility measures, implementation and funding, including those relating to EU-NATO cooperation, EPF, EDA and PESCO;

(iv) strengthen the EDF's contribution to a comprehensive European defence approach by increasing support for projects addressing hybrid threats, including artificial intelligence, cyber and drone technologies;

(v) further strengthen Union security and defence measures 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, including through the harmonisation of joint and common defence procurement, as referred in the Regulation (EU) 2025/2643 of the European Parliament and of the Council ([20]) ('EDIP Regulation'), and related procedures among Member States in order to enhance interoperability, efficiency and strategic coherence, while prioritising Union funding to projects that best respond to the current European threat landscape;

(vi) take further action to ensure a level playing field for all defence industry actors across the Union and simplify access to Union funding, including SMEs and Member States most vulnerable to external threats;

Neighbourhood and the world

193. Notes that the budget for the programmes under MFF Heading 6 'Neighbourhood and the world' was EUR 15,4 billion (8,0 % of the Union budget expenditure excluding RRF;) distributed as follows: 62,4 % for the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe), 15,9 % for Humanitarian Aid (HUMA), 14,9 % for Pre-Accession Assistance (IPA III), 2,7 % for Ukraine Macro-Financial Assistance Plus and 4,1 % for other actions and programmes;

194. Welcomes that in 2024 the Court examined a statistically representative sample of 137 transactions covering all spending under this MFF heading, enabling it for the first time to calculate an error rate; notes with concern the estimated error rate of 4,9 %, significantly exceeding the 2,0 % materiality threshold; further notes that 56 of the 137 transactions (40,9 %) contained quantifiable errors that have a financial impact on the Union budget; observes that these errors concerned ineligible costs, serious breaches of public procurement rules, missing essential supporting documentation, ineligible beneficiaries, and expenditure not actually incurred; considers that these issues may indicate weaknesses in the functioning and reliability of control systems;

([20]) Regulation (EU) 2025/2643 of the European Parliament and of the Council of 16 December 2025 establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP Regulation') (OJ L, 2025/2643, 29.12.2025, ELI: http://data.europa.eu/eli/reg/2025/2643/oj).

195. Is struck by the fact that in ten of the cases involving quantifiable errors, the Commission already had sufficient information at its disposal to prevent the error or to detect and correct it before accepting the expenditure; notes that, had the Commission effectively used this information, the estimated level of error would have been reduced by 1,4 percentage points;

196. Notes that, as in previous years, a significant share of the errors detected by the Court concerned contracts implemented under indirect management by pillar-assessed organisations, including international institutions; observes that for these contracts the Commission accepted expenditure on the basis of a financial report and a management declaration, the latter being a self-issued certification by the pillar-assessed organisation attesting to the completeness, accuracy and compliance of the financial information provided; notes with concern that 26 of the 42 quantified errors detected by the Court related to such contracts, contributing 3,1 percentage points to the estimated level of error, thereby highlighting persistent vulnerabilities in the assurance framework for indirect management with pillar assessed entities;

197. Expresses concern that, once again, the Court encountered delays in obtaining requested documentation from certain international organisations and international financial institutions, thereby hindering the timely conduct of its audit work, despite its previous recommendation from 2020; notes that in 19 audited transactions these entities limited access to documents to temporary, view-only electronic consultations, without allowing the Court to retain copies, which impeded proper planning, execution and quality control of the audit; regrets that these obstacles persisted despite the Commission's efforts to resolve the issue through sustained communication with the organisations concerned, as also highlighted in the report of the 2024 annual report on the EDFs;

198. Expresses serious concern that no Results-Oriented Monitoring (ROM) missions took place in 2024, owing to the termination of the two existing ROM service contracts in 2025; highlights with concern that the planned 2024 restricted tender for the new generation of ROM contracts had to be cancelled due to the unavailability of NDICI support expenditure credits, forcing DG INTPA to rely on operational credits and to prepare a standalone NDICI Support Measure to finance ROMs; notes that a new restricted tender procedure was relaunched in October 2025 under a suspensive clause, with the new three-year ROM contract expected to be signed only in April 2026; underlines that this funding and procurement disruption has resulted in a full suspension of the ROM system since early 2025, delaying independent performance monitoring of programme implementation and weakening the overall results-orientation of external action;

199. Notes that, Union investment in trade-related assistance to the world's least-developed countries (LDCs) has declined, with only 12,0 % of Aid for Trade (AfT) flows reaching LDCs in 2022 compared to 18,0 % on average between 2010 and 2015; notes with concern that this underperformance persists despite the 25,0 % spending target for LDCs set in the revised 2017 EU Aid for Trade strategy; takes note of the findings of the European Court of Auditors in Special Report 17/2025 'EU aid for trade to least developed countries', which concluded that EU Aid for Trade is not on track to meet the 2030 target; welcomes the Commission's acceptance of the Court's recommendation to analyse the underlying causes of this decline and notes that this assessment is planned for 2026, stressing the need for timely corrective action to ensure that Union trade assistance reaches those most in need;

200. Notes that budget support reported in 2024 by DG INTPA and DG NEAR to countries outside of the Union amounted to EUR 1,56 billion; regrets the absence of publicly available data identifying beneficiary countries, as published statistics refer only to regions or country groupings; further regrets the lack of transparency regarding the use of these funds and the identification of final recipients; emphasises that budget support should be aligned with partner countries' needs and the Union's strategic policy objectives;

201. Stresses that Union aid must under no circumstances, directly or indirectly, finance terrorism or any activities incompatible with the values enshrined in Article 2 TEU, and therefore must not support any entity linked to Hamas or to any other terrorist or extremist organisation; recalls that, to this end, it is both legitimate and essential to clearly identify all final beneficiaries of Union assistance, also in third countries; emphasises the need for rigorous oversight of the distribution and use of aid to ensure that no funds are misused; further calls on strengthening due diligence, monitoring and control mechanisms in order to prevent any form of ideological infiltration in programmes financed by the Union; underlines that anti-terror safeguards and transparency requirements must be applied rigorously without undermining humanitarian principles and the delivery of life-saving assistance;

202. Recalls that education is a central pillar of peacebuilding, coexistence and preparation for a negotiated two-state solution, and a key mean of countering extremism, intolerance and radical ideologies; recalls that Union financial assistance and political engagement should support education that promotes peace, tolerance and coexistence; welcomes the Commission's continued engagement with the Palestinian Authority on curriculum reform and acknowledges the tangible progress reported in 2025, including the ongoing review and amendment of textbooks by the Palestinian Ministry of Education and Higher Education to ensure alignment with Unesco standards; notes in particular that some revisions were made to Grade 12 and more comprehensive revisions to Grades 1-4, and new learning material has been published in December 2024 and October 2025 respectively and is currently undergoing review by the Union; recalls the necessity for the Palestinian Authority to remove all educational materials and content that fail to adhere to Unesco standards, in particular those containing antisemitism, incitement to violence, glorification of jihad and martyrdom, and the rejection of peaceful conflict resolution; reminds the Commission to base its review on public and verifiable evidence and to publish the result of its reviews;

203. Notes that, as in previous years, no Union funding in 2024 has been used to support the production of Palestinian textbooks, and that Union direct financial assistance provided to the Palestinian Authority via the Union mechanism PEGASE under both the 2024 Emergency Support package and the Multiannual Comprehensive Programme for Palestinian Recovery and Resilience (2025-2027) is strictly limited to traceable expenditure items such as salaries, social allowances and arrears to hospitals; notes that this financial support to the Palestinian Authority is partially linked to the achievement of reforms agreed in an ambitious Reform Matrix with the Palestinian Authority in 2024, which includes a progressive and systemic review of learning materials; recalls the necessity for the Palestinian Authority to remove all educational materials and content that fail to adhere to Unesco standards, particularly those encouraging antisemitism and including violence, to which Palestinian children should not be exposed; 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; calls on the Commission to ensure that no Union funds are allocated, directly or indirectly to educational materials that contain antisemitic references or examples which incite hatred and violence;

204. Urges the Commission, in the context of delivering support and humanitarian aid to the Palestinian population to cooperate with reliable partners on the ground to guarantee the uninterrupted and secure delivery of humanitarian assistance and to ensure that no Union funds are allocated to individuals or organisations linked to terrorist or extremist movements opposed to the Union's fundamental values; 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 2023; acknowledges the United Nations' response to those allegations including the investigations launched by the UN Office of Internal Oversight Services (OIOS), after which nine staff members had their employment formally terminated in the interest of the Agency and the recommendations issued through the Colonna Report; notes that the Commission has been working with UNRWA, to enhance the neutrality processes and control systems in the Agency, in line with findings of the investigations by the UN OIOS and to monitor the application of the action plan presented by UNRWA; notes the Commission's assessment that UNRWA remains committed to implementing the agreed recommendations as well as the fulfilment of all conditions agreed with the Union for continued funding in 2024; encourages, in this regard, the Commission's continued engagement and close monitoring to ensure that funding is met with solid guarantees on neutrality, transparency and accountability;

205. Notes that during the period between 2019-2024 six out of nine senior management positions in DG NEAR remained vacant for extended periods; notes in particular that the post of Director-General remained vacant for 28 months, Director A for 25 months, Director NEAR B (Southern Neighbourhood) for 48 months, Director NEAR D (Western Balkans) for 35 months, Director of the Support Group for Ukraine for 32 months, and Director R for 22 months; underlines that these prolonged vacancies affected some of the Union's most politically sensitive and operationally critical portfolios, including during the Russian invasion of Ukraine and the Hamas terrorist attack against Israel; further notes the results of the April 2022 DG NEAR staff survey showing significant declines in confidence in senior management's leadership;

206. Notes that between 2020 and 2023 the Support Group for Ukraine, leadership was provided on an interim basis by the Deputy Director-General of DG NEAR in addition to her many other functions, further notes that the Ukraine Support Group was dissolved in 2023 with portfolios redistributed to the Ukraine Facility and other units; notes that the information provided by the Commission in this regard during the exchange of views with the discharge authority was inaccurate and calls on the Commission to ensure clear and accurate reporting to Parliament by all Members of the Commission;

207. Notes recent investigative reporting published in October 2025 by several European media outlets alleging that Hungarian intelligence services engaged in espionage activities in Brussels, including attempts to recruit Hungarian nationals working in Union institutions; notes that these reports refers to the 2015-2019 period and that the Commission has confirmed that it is examining these allegations internally; expects the Commission and competent authorities to conduct a thorough analysis and investigation based on evidence and to inform the Parliament as soon as the investigation has been finalised;

208. Notes that Commissioners exercise significant political and regulatory authority and their conduct must therefore reflect the highest standards of independence, transparency, accountability, and ethical behaviour; stresses that strict adherence to the Code of Conduct for Members of the European Commission is essential to safeguarding the integrity, credibility, and democratic legitimacy of the Union's executive; underlines that full compliance with the Code of Conduct is also indispensable to preventing conflicts of interest, avoiding undue influence, and ensuring that decisions are taken solely in the European interest; considers that, taken together, the past serious and prolonged management failures in DG NEAR, the provision of inaccurate information to Parliament in the context of the discharge procedure, and the additional concerns relating to conduct and independence outlined above demonstrate a pattern that is incompatible with the standards of accountability, reliability and sound administration required of a Member of the Commission;

209. Notes with concern that Union funding to Ukraine is spread across numerous instruments and facilities, creating a fragmented and complex financing landscape; underlines that the absence of a consolidated and transparent overview of how these funds, including loans guaranteed by the MFF headroom, are allocated and spent hinders effective democratic oversight, accountability and the ability to assess the overall impact of Union support;

210. Notes that Ukraine's anti-corruption specialised bodies (NABU, SAPO and HACC) continue to deliver investigations, prosecutions and judgments in high-level cases, demonstrating that independent anti-corruption institutions are starting to function and that recent resignations of accused ministers show a degree of governmental responsiveness and accountability; commends the reforms undertaken by Ukraine in the midst of a full-fledged invasion; notes that the attempts to place NABU and SAPO under the authority of the Prosecutor General, risked undermining the independence and effectiveness of the anti-corruption framework; welcomes the swift reversal of these amendments following domestic and international pressure, but expresses concern at reports from anti-corruption institutions and civil society highlighting challenges in maintaining the effectiveness and independence of the anti-corruption framework; calls on the authorities to prevent backsliding, address procedural delays and obstructions in high-level cases, and revise statutes of limitation in line with European standards;

211. Notes the recent fraud allegations in Ukraine's energy sector; underlines that these allegations, if confirmed, point to structural vulnerabilities in governance, oversight and internal control systems; stresses the need to build public trust to strengthen Ukraine's reform credibility through robust public procurement and internal control systems;

212. Notes that, to ensure sound financial management of the Ukraine Facility, the Commission established in June 2024 a dedicated Audit Board through Commission Implementing Decision (EU) 2024/1697 ([21]), composed of independent experts appointed by the Commission; notes that the Audit Board's mandate is to detect systemic weaknesses in Ukraine's management and control of Facility funds, including deficiencies in fraud prevention, anti-corruption safeguards and conflict-of-interest systems, and to report such issues directly to the Commission;

213. Underlines that, beyond its oversight role, the Audit Board may issue recommendations to the Ukrainian authorities on addressing financial irregularities or structural shortcomings in the management of Union funds; stresses that Ukraine, represented by the Ministry of Economy, must provide a written response to each recommendation, either outlining implementation measures or providing a justified explanation for non-implementation; highlights that the Audit Board's findings may carry significant financial consequences; underlines that sustained Union financial support must be accompanied by sound financial management, transparency and performance monitoring in order to ensure effective use of Union funds and maintain the credibility of the enlargement policy;

([21]) Commission Implementing Decision (EU) 2024/1697 of 12 June 2024 on the establishment of the Ukraine Facility Audit Board (OJ L, 2024/1697, 17.6.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1697/oj).

214. Recalls that, under the Ukraine Facility, regular payments are conditional on the Commission verifying the implementation of Ukraine's recovery and reform plan and the continuous respect of democratic mechanisms, the rule of law and human rights; notes that, to date, the Commission has on five occasions concluded that individual reform steps were not fulfilled under instalments one to five, leading to the suspension of corresponding amounts, one of which has since been remedied; welcomes in this regard the Commission's strict conditionality approach and its demonstrated willingness to verify implementation thoroughly and to withhold funds where conditions are not met;

215. 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;

216. Expresses concern that allocation under the EFSD+ new flexible 'Support to Investments' envelope benefits countries where the Global Gateway investments are easier to implement at the expense of prioritising LDCs and fragile and conflict-affected countries;

217. Notes that despite longstanding Union funding to strengthen Libyan border and migration controls, reports indicate that such assistance continues to raise serious operational and humanitarian concerns as well as concerns with regard to fundamental rights and governance, potentially exposing the Union to reputational risks; stresses the need for rigorous monitoring, transparency and accountability mechanisms to ensure that migration-related assistance does not indirectly contribute to further harm;

218. Notes that, as of 1 February 2025, the European Commission reorganised the former Directorate-General for DG NEAR, dividing its responsibilities between two newly established directorates: the Directorate-General for Enlargement and Eastern Neighbourhood, responsible for candidate countries and the Eastern Neighbourhood, and the Directorate-General for the Middle East, North Africa and the Gulf, which now covers the Mediterranean region;

European Development Funds (EDF)

219. Notes that to audit the regularity of transactions, the Court examined a sample of 85 transactions, representing the full range of spending from the EDFs; notes, furthermore, that this comprised 16 transactions related to the European Union Emergency Trust Fund for Africa, 54 transactions authorised by 14 Union delegations ([22]), 14 transactions approved by Commission headquarters and 1 transaction related to the Bêkou Trust Fund;

220. Notes with concern that, out of the 85 transactions examined, 34 (40,0 %) contained errors, compared to 62 (44,3 %) in 2023 for the same number of transactions; stresses, moreover, that the Court quantified 27 errors (52 in 2023), on the basis of which it estimated the level of error for the financial year 2024 to be 6,5 % (8,9 % in 2023);

221. Highlights with concern that the three most frequent types of errors detected in the 2024 financial year were: ineligible expenditure (40,0 %), the absence of essential supporting documentation (32,0 %) and the over-clearing of pre-financing (14,0 %);

222. Notes with bewilderment that, as of 31 December 2024, the full accounting closure of the 9th European Development Fund, covering the period 2000-2007, had still not been completed, more than 17 years after the introduction of the sunset clause, with eight contracts still ongoing, illustrating the exceptional complexity and duration of certain EDF programmes;

223. Notes positively that the Commission has improved the calculation of cut-off estimates by systematically taking into account extensions of contract implementation periods occurring after the reporting year, following a recommendation made by the Court in its 2023 annual report;

([22]) Burundi, Democratic Republic of the Congo, Guinea-Bissau, Kenya, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, Sierra Leone, Togo, Uganda, Zambia.

224. Notes with concern that, as in previous years, significant pre-financing balances remain uncleared for excessively long periods, including EUR 446,0 million outstanding for more than 10 years, largely linked to the EU-Africa Infrastructure Trust Fund, whose long-term operations result in very slow clearing of pre-financing;

225. Notes that the expected outcomes of DG INTPA's ongoing review of its control strategy include the reinforcement of guidance on financial reporting and on enhanced *ex ante* controls so as to prevent errors including on excess clearing;

226. Notes that the Director-General's declaration of assurance in DG INTPA's 2024 Annual Activity Report contains no reservations, continuing a trend in which the Directorate-General reduced the scope of reservations from 16,0 % of expenditure in 2017 to 1,0 % in 2018 and to zero from 2019 onwards; notes further that DG INTPA estimates the amount at risk at payment at EUR 89,7 million (1,1 % of 2024 expenditure) and the amount at risk at closure at EUR 78,6 million (0,97 %), and that it expects EUR 11,1 million (12,4 % of the amount at risk at payment) to be corrected in subsequent years through its own checks; observes however that, of the EUR 5,0 million reported as recovered in 2024, the Court's testing showed that EUR 0,2 million should not have been counted as implemented corrective capacity, raising concerns about the reliability of the DG's reporting;

227. Notes that DG INTPA commissioned its 13th Residual Error Rate (RER) study in 2024, an important component underpinning the Director-General's declaration of assurance and the regularity information disclosed in the Annual Management and Performance Report; observes that the 2024 study, based on a sample of 401 transactions, estimated a residual error rate of 0,48 %, remaining for the ninth consecutive year below the Commission's 2,0 % materiality threshold; recalls, however, that the Court has repeatedly identified methodological shortcomings that may underestimate the true residual error rate, particularly concerning the treatment of high-value items; notes that while the Commission has revised the RER methodology as of 2025 to clarify certain aspects and limit reliance on management checks and other auditors' work, the updated methodology still permits the exclusion of 'isolated' errors from extrapolation; expects the Commission to implement the revised methodology rigorously and looks forward to the Court's verification of its application in the next audit cycle;

228. Recalls that the EU Emergency Trust Fund for Africa, established to address the root causes of displacement and irregular migration, has mobilised over EUR 5 billion, of which 88 % from the EDF and the Union budget; regrets the lack of transparency in the management and allocation of these funds and the difficulty in verifying compliance with Official Development Assistance principles, as highlighted by the Court's Special Report 17/2024; calls for the EUTF to sufficiently support the agreed priorities; also notes with concern the findings of the Court's Special Report 20/2025 on the Commission's support to fight hunger in sub-Saharan Africa, which identified weaknesses in cost assessment and project planning, including insufficient scrutiny of budgets and cases of unused or inappropriate equipment; stresses that such shortcomings undermine sound financial management and calls on the Commission to strengthen cost analysis, procurement planning and needs-based implementation;

Recommendations

229. Calls on the Commission to:

(i) strengthen preventive and corrective controls under Heading 6 by addressing recurrent weaknesses such as ineligible expenditure, procurement irregularities, missing supporting documentation and expenditure not actually incurred; calls for reinforced guidance to delegations and implementing partners;

(ii) perform a comprehensive review of the assurance framework for indirect management, particularly with pillar-assessed organisations and international financial institutions;

(iii) ensure that the new ROM contract is operational without delay in April 2026 as the interruption of ROM undermines performance monitoring and the results-orientation of NDICI implementation; prevent future disruptions in ROM by securing stable financing and ensuring that monitoring tools are available continuously throughout the MFF period;

(iv) reverse the decline in Aid for Trade funding to LDCs, conduct the planned 2026 analysis without delay and propose corrective measures ensuring that Aid for Trade resources prioritise countries most in need;

(v) integrate into the new MFF legislative proposal the recommendations of the External Action Guarantee complementing the Commission's evaluation, including increased use of blending in LDCs, fragile or conflict-affected countries and engaged coordination with stakeholders such as civil society;

(vi) ensure impartial and evidence-based assessments in enlargement reporting so that political considerations do not override objective evaluation criteria;

(vii) ensure that no Union assistance to third countries benefits entities that are involved in human rights violations, repression or democratic backsliding, and apply conditionality rigorously, including through suspension of assistance where fundamental Union values are undermined; provide a detailed outline of the safeguards, monitoring mechanisms and corrective measures implemented to uphold the integrity and accountability of Union external assistance;

(viii) continue to support reliable humanitarian partners, coupled with independent oversight by external experts and the Court, to ensure effective control and confidence in the use of Union funds;

(ix) provide a consolidated and transparent overview of all Union financial support to Ukraine, including grants, loans and guarantees under multiple instruments and facilities, in order to strengthen democratic scrutiny and ensure full accountability;

(x) monitor closely the serious fraud allegations in Ukraine, and continue to apply conditionality where systemic risks or misuse of funds are identified; to keep the European Parliament regularly informed about the activities and findings of the Audit Board in order to ensure proper parliamentary oversight;

(xi) report on the volume of EFSD+ amounts allocated and contractualised in LDCs and for transparency on how the quota of allocations within country MIPs is respected;

(xii) report to the discharge authority on the remedial measures taken upon finalisation of DG INTPA's ongoing review of its control strategy;

(xiii) accelerate the closure of the ninth EDF, noting that it remains open 17 years after the sunset clause, and review the reasons that contributed to the prolonged implementation cycle;

(xiv) engage with the EIB to ensure that its lending operations in non-EU countries are aligned with the Union's external policy objectives and accompanied by effective cooperation frameworks with partner countries;

(xv) increase transparency by publishing accessible dashboards tracking high-value external action contracts, performance indicators and the status of the Court's recommendations;

(xvi) reinforce financial due-diligence and procurement safeguards under Global Gateway;

(xvii) ensure that implementing partners strictly comply with visibility rules to present transparent information for the public and requests stricter follow-up in cases of repeated non-compliance;

Administration

230. Notes that MFF Heading 7 'European public administration' accounted for EUR 13,3 billion equal to 6,9 % of Union budget spending in 2024; notes that the European Commission spends EUR 8 billion equal to 60,6 % of the total amount; notes with satisfaction that also for 2024 the Court concludes that administrative spending is a low-risk spending area; stresses that the Commission should without hesitation follow-up on the issues identified by the Court in their Annual report 2024 concerning the payment for IT services;

231. Continues to be critical of the process whereby the Commission in 2023 decided to sell 23 of its office buildings in Brussels and lease 17 of them back for a period until 2029; notes that apparently the decision to do this was taken without clear impact assessments of all transactions; finds it especially worrying that the Commission only received one bid for the transaction from a Belgian state-owned company, which had submitted an indicative offer before the Commission launched the call for applications and that the offer did not fulfil the requirements in the call for tenders concerning the time period for the validity of a bank guarantee; expresses its deep concern that the Commission's evaluation committee lacked independence since all members were subordinates of the authorising officer; notes with concern in this context the recent evidence-collecting activities carried out by the EPPO in relation to this transaction, which further reinforce serious doubts regarding the handling and governance of the sale;

232. Notes that the Commission reports that 54 requests for Article 24 assistance under the Staff Regulation were submitted in the period 2021-2024 and that only 8 have been followed up on with the opening of an administrative inquiry; finds that this number is worryingly low, as it means that 85 % of the requests have been dismissed without any follow-up; welcomes that the office of the Chief Confidential Counsellor has been strengthened, taking into account that around 300 Commission staff asked her for help in harassment related cases within one single year; further notes that 14 complaints were submitted directly to the Investigation and Discipline Office of the Commission (IDOC), where four cases were closed as non-cases after assessment, two cases were closed without follow-up after administrative inquiry; pre-disciplinary proceedings led to one warning, one written warning, and three reprimands, one case is still in pre-disciplinary phase and two cases are currently with the Disciplinary Board, while two cases were reported directly to OLAF both of which were dismissed on grounds of insufficient suspicion; stresses that these numbers seems to be very low for an organisation with more than 30 000 employees and encourages the Commission to improve the possibilities for employees to come forward with cases of harassment in a safe environment;

233. Notes that, in the period 2021-2024, no cases were reported to OLAF by Commission staff members where the source qualified as a whistleblower; regrets that the Commission did not provide information on whether, or how many, cases were instead reported through internal hierarchical channels or to the Secretary-General; considers that, in the absence of comprehensive data on the number of cases raised, the channels used, and the follow-up actions taken by the Commission in each case, it is not possible to assess whether the whistleblowing system is effective; notes in this context that the Commission is currently reviewing its Whistleblowing Guidelines in light of case law and practical experience with the implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council ([23]) on the protection of persons who report breaches of Union law in the Member States, with a view to aligning them as closely as possible with the Directive;

234. Notes with interest that the Commissioner for Budget, Anti-Fraud and Public Administration in his mission letter was tasked to carry out a large-scale review of the Commission’s organisation and operations; agrees in principle that it is important for all organisations to examine periodically whether their organisation and procedures are up to date; underlines that it is important that the process remains transparent and that relevant organisations representing the Commission’s staff and other relevant actors are fully involved in the process, also to foster trust and acceptance of the review’s outcome by all stakeholders, including in particular the staff affected;

235. Underlines that transparency in the administration and access to information and documents are key elements of sound, accountable, and democratic governance; in that regard regrets that there have been numerous examples over the last years where the Commission has not lived up to reasonable transparency standards; takes note of the judgment of the General Court in Case T-36/23, *Stevi and The New York Times* v *Commission*; considers that informal exchanges must not replace official communication and that any information related to decision-making or workflow must be transmitted through official channels in full respect of transparency requirements; stresses that it is important for the credibility of the Commission that it ensures a strict implementation of the guidelines concerning the use of text messages in relation to workflows; recalls that under Regulation (EC) No 1049/2001 text messages sent or received by Union officials will only be qualified as documents if they concern Union policy or decisions;

236. Notes with concern that in 2024 the Commission revised its internal rules on public access to documents; considers that these changes are incompatible with the right of access to documents as developed in Regulation (EC) No 1049/2001; stresses that, for example, the rules state that only ‘content that constitutes important information that is not short-lived shall be registered’ and require the automatic disappearance of text messages; notes that the legality of these rules is currently being challenged before the European Court of Justice;

237. Stresses that access to documents is a key principle to ensure transparency in public administration; points out that unfortunately the Commission in many situations has not provided answers within stipulated deadlines especially concerning cases under the confirmatory applications where the European Ombudsman has found systemic and significant delays in the Commission administration; highlights that it is essential for the credibility of the Commission that journalists and the general public can have access to documents within the legally applicable deadlines; stresses, furthermore, that transparency requires not only timely access but also that the documents themselves are drafted in clear, comprehensible language, as overly technocratic communication might hinder citizens’ meaningful access to information even when documents are available;

([23]) Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17, ELI: http://data.europa.eu/eli/dir/2019/1937/oj).

238. Recalls that the European Ombudsman has found cases of maladministration in relation to several legislative proposals that the Commission presented in 2025; notes with great concern that these cases include the Omnibus I package; stresses the importance of adhering to the rules regarding better law-making; underlines the importance of robust, durable and legally sound legislation that ensures a stable and predictable regulatory environment, also with a view to strengthening the Single Market and boosting the Union’s global competitiveness;

239. Expresses its deep concern that there has been a number of allegations of corruption linked to the Commission, including former Members of the Commission and senior officials; notes in particular that, following the opening of a criminal investigation into corruption allegations involving a senior Commission official by the European Public Prosecutor’s Office in late 2024 and further to the recommendation issued by OLAF in 2024, the Commission launched its own disciplinary procedure concerning that official; notes that the Commission recently announced that it had concluded the procedure, finding that the official concerned had breached the applicable rules of the Staff Regulations, including provisions relating to conflicts of interest, transparency, gift acceptance and document disclosure; recalls that the disciplinary procedure followed the findings by OLAF, which examined allegations that confidential information concerning a major aviation agreement with the State of Qatar had been exchanged in return for gifts; notes that, given the senior official’s position as Director-General at the Commission’s Directorate-General for Mobility and Transport at the time, he exercised significant influence over the negotiation process and, consequently, over the resulting Agreement on Air Transport between the European Union and its Member States and the State of Qatar, signed on 18 October 2021; in light of the nature of the facts which led the Commission to initiate a disciplinary procedure and of the nature of the measures decided upon by the College of Commissioners in respect of that senior official, considers that the application of that Agreement should be evaluated and, if necessary, suspended;

240. Recalls that the Code of Conduct for the Members of the European Commission provides for a two-year scrutiny period for former Members of the Commission for professional activities following the end of their term; considers it vital to ensure that former Members of the College only undertake post-term activities that are compatible with Article 245 of TFEU; recalls also that the Code of Conduct stipulates that Commissioners must avoid any activity that could compromise their independence or the perception thereof, particularly during politically sensitive periods such as election campaigns;

241. Notes with serious concern the recently reported exchanges between staff from the Commission’s Directorate-General for Trade and Economic Security (DG TRADE) and tobacco industry representatives, which suggest that DG TRADE staff may have acted in ways benefiting a company in the sector by encouraging third countries to weaken regulatory restrictions and tax policies on certain tobacco products; notes that, in its decision of 19 December 2023, the European Ombudsman found that the Commission’s failure to ensure a comprehensive approach across all departments to transparency in meetings with the tobacco industry constituted maladministration; recalls that, as a Party to the WHO Framework Convention on Tobacco Control (FCTC), the Union must protect its policies from the commercial and other vested interests of the tobacco industry and limit interactions to what is strictly necessary for regulatory purposes; stresses, therefore, that no interactions concerning third country tobacco control policies should be permitted; regrets that the meetings reportedly held were not disclosed; calls for full implementation of Article 5.3 of the FCTC, ensuring interactions are strictly limited and fully transparent;

242. Deplores the persistent and critical technical, organisational and procedural shortcomings of the functioning of the European Personnel Selection Office (EPSO) over the last years which have led to serious reputational damage to the general Union recruiting process and have had severe negative consequences for many candidates who have invested considerable time and resources in trying to participate in selection procedures that have been cancelled, delayed or have had serious technical shortcomings; recalls that the European Ombudsman has concluded, in several separate inquiries, that EPSO committed maladministration in its handling of candidate complaints, particularly in relation to remote testing procedures, platform deficiencies and inconsistent communication regarding technical issues; stresses that these deficiencies risk undermining the attractiveness, credibility and long-term administrative capacity of the Union’s institutions and therefore require urgent corrective action;

243. Urges the Commission and EPSO leadership to evaluate all aspects of the selection procedure, including governance, digital infrastructure, communication with candidates and handling of candidate complaints, in order to ensure that the Commission and other Union institutions can rely fully and without delay on EPSO for the identification and selection of highly qualified and motivated candidates for all types of jobs in the institutions; at the same time encourages the Commission to address persistent imbalances in geographical representation throughout the services;

European Schools

244. Notes that the overall budget for the European Schools for 2024 was EUR 439,5 million, representing an increase of 5,3 % from 2023; recalls that European Schools are primarily funded by the European Commission, other European Institutions, Member States and fees from parents;

245. Notes with satisfaction that neither the IAS nor the Internal Control Capability unit (ICC) have found critical issues in their audits and controls in 2024; notes however that identified weaknesses in human resource management and public procurement procedures should be addressed as a matter of priority;

Observations concerning the discharge procedure

246. Stresses that the Parliament would expect the Commission to provide the detailed replies to the discharge resolution ahead of the initiation of the discharge hearings for the following year, which normally start in early November; finds it regrettable that it received the Commission's detailed replies to the specific requests made by the European Parliament in the discharge report for the 2023 financial year only in the beginning of December 2025; stresses that such delays undermine the efficiency of the discharge process by increasing the workload for both institutions and reducing the focus of parliamentary scrutiny;

247. Underlines that when oral questions cannot be answered by the responsible Commissioner directly during a discharge hearing in Parliament, follow-up answers in writing should be provided to Parliament within the agreed timeframe; recalls that the provision of timely and substantive replies constitutes a core component of effective parliamentary scrutiny and democratic accountability;

248. Notes with satisfaction that most Commissioners respect the discharge procedure and take part in the hearings as requested by the budgetary control committee; underlines that the Commission President in her role as head of the Commission has a decisive role in the formulation and the implementation of all major Commission initiatives and policy proposals; considers that in that function the Commission President should actively participate in the discharge procedure and underlines in this context the importance of the President of the European Commission taking part in the plenary discharge debate;

Recommendations

249. Calls on the Commission, in particular, to:

(i) ensure that any future decisions concerning sale and sale and lease back operations concerning buildings are done on basis of thorough impact assessments, that more than one offer should be received and that evaluation committees must be independent from the authorising officers;

(ii) design the future phases of the large-scale review of the Commission's organisations and operations in a transparent way and ensure that relevant organisations representing the Commission staff and other relevant actors are fully involved in the process;

(iii) provide the discharge authority with all relevant information and documentation concerning the 2023 sale of 23 of its buildings, including a detailed account of all procedural steps taken such as the valuation methodology used and the assessment of competing bids, in full transparency and in due respect of the ongoing EPPO investigation;

(iv) commission an external study by independent experts under the auspices of the Chief Confidential Counsellor analysing the functioning or malfunctioning of the formal harassment procedure and proposing means to make it more effective;

(v) provide the discharge authority with a comprehensive overview, for the period 2021-2025, of whistleblowing cases raised by staff members, including the number of cases, the reporting channels used (including the respective hierarchy, Secretary-General and OLAF), the follow-up actions taken in each case, and the employment status of the reporting persons;

(vi) in the context of its review of the Whistleblowing Guidelines, take all necessary measures to align them with the standards set out in the Directive;

(vii) implement the guidelines concerning the use of text messages in relation to workflows, in order to ensure that any information related to decision-making, or workflow is transmitted through official channels, in full respect of transparency requirements;

(viii) revise the 2024 changes to the Commission's Detailed Rules of application of Regulation (EC) No 1049/2001 and amend its Rules of Procedure to ensure full compliance with Regulation (EC) No 1049/2001;

(ix) ensure timely and correct handling of applications for access to documents, at all stages of the process;

(x) ensure a predictable, consistent and non-arbitrary application of its Better Regulation rules, by defining 'urgent' situations that justify a derogation from the requirements set out in the rules and establish, where derogations are granted, a procedure to ensure that the urgent preparation of legislative proposals still complies with the principles of a transparent, evidence-based and inclusive law-making process;

(xi) ensure that the principles of independence and integrity, as set out in the Code of Conduct for the Members of the European Commission, are upheld in observance of the highest standard of ethical conduct;

(xii) speed up work in order to ensure that EPSO functions properly in order to provide Union institutions with sufficient and highly qualified candidates;

(xiii) in cooperation with EPSO and the other Union institutions, ensure the full and timely implementation of the Ombudsman's recommendations concerning EPSO and restore confidence in the fairness, accessibility and reliability of EPSO selection procedures, and report on the progress to the discharge authority;

(xiv) continue to explore all possibilities to correct significant geographical and gender imbalances in different categories of staff;

(xv) adopt measurable plain language standards for all of its public communications and develop an action plan to improve the accessibility of its publications, including press releases, programme documents, annual reports and annual activity reports, to citizens in all of the official languages of the Union, and report on its implementation to the discharge authority;

(xvi) liaise with the Joint Sickness Insurance Scheme (JSIS) to ensure that it provides coverage for a broader range of illnesses, including further autoimmune diseases, and to reimburse a wider range of testing and treatments;

(xvii) evaluate, and if necessary, suspend the 2021 Agreement on Air Transport between the European Union and its Member States and the State of Qatar;

(xviii) follow up the Ombudsman's findings and urgently investigate the exchanges between DG TRADE staff and tobacco industry representatives, and report its findings to the discharge authority;

CHAPTER II

Recovery and Resilience Facility (RRF)

Court's observations

250. Notes that the Court issued a qualified opinion on the legality and regularity of the RRF expenditure for the third consecutive year, following similar conclusions in 2022 and 2023; notes that in 2024, the Court sampled 395 milestones and targets (M&Ts) across 28 grant payments, covering EUR 53,5 billion out of a total EUR 59,9 billion disbursed in 2024 and, while the Court does not provide an error rate due to the RRF's specific spending model, it estimates that the minimum financial impact of its findings exceeds the materiality threshold; notes with alarm the increasing trend in the overall financial impact of quantitative findings; expresses concerns that, according to the Court's conclusion, six out of 28 RRF grant payments made in 2024 were affected by quantitative findings, and that five of these payments were affected by material error; notes that in the Court's opinion, aside from these matters, the RRF expenditure accepted in the 2024 accounts is legal and regular in all material respects;

251. Notes with concern that the Court identified six milestones in five payments that had not been satisfactorily fulfilled; notes that in these cases, the missing elements represented more than a minimal acceptable deviation and that the Commission nevertheless proceeded with the corresponding payments; further notes that in one of the six cases, the Commission in its preliminary assessment relied on data and checks provided by the Member State without performing additional testing to verify their reliability;

252. Notes furthermore that the Court identified an additional 12 cases of weaknesses in the Commission's assessment which, although they did not impact the satisfactory fulfilment of the milestone or target concerned, revealed that the Commission had not carried out sufficient checks to assess the reliability of data and checks provided by Member States;

253. Notes that, under the RRF, payments by the Commission to Member States are conditional on the satisfactory fulfilment of agreed milestones and targets, rather than on the verification of compliance of individual expenditures with Union and national rules, which makes it challenging to assess compliance with the applicable legal requirements; also notes that the RRF Regulation does not specify criteria for interpreting the term 'satisfactory' in relation to the fulfilment of milestones and targets, and that, in the case of qualitative criteria, this assessment depends on multiple judgments, leading to various possible interpretations as to whether milestones or targets have been satisfactorily met; further notes that cases of vaguely defined milestones or targets, which have been identified, result in the criteria for assessing their fulfilment remaining unclear;

254. Notes the Court also identified four cases of vaguely defined milestones or targets, which had also been acknowledged and documented by the Commission in its preliminary assessment; notes that when milestones and targets are defined in vague terms, the criteria for assessing their fulfilment inevitably become vague as well, undermining the robustness and clarity of the assessment process; notes the Commission acknowledges that in some cases milestones and targets set by the Council Implementing Decisions could have been drafted more clearly;

255. Recalls that the RRF super milestones for Poland mandated specific reforms in the field of justice including firstly, the dismantling of the Disciplinary Chamber of the Supreme Court and its replacement by an independent Chamber of the Supreme Court, and secondly, that all judges affected by the rulings of the Disciplinary Chamber had the right to have their case reviewed by the new Chamber within a clear timeframe; is concerned by the continued refusal of the Polish president to sign into law the reforms proposed in 2025 by the Polish Government and adopted by the Polish Parliament concerning the rule of law which aim to implement the recommendations of the European Commission regarding the fulfilment of the judicial milestones under the Recovery and Resilience Plan (RRP); stresses that the fulfilment of judicial-independence milestones, in line with Union law, including the case-law of the European Court of Justice, is essential to ensure legal certainty and protect the Union budget;

256. Notes that the Court has found that projects relating to one milestone and three targets in two payments had begun before the eligibility period; notes that the Regulation stipulates that only measures which started from 1 February 2020 onwards may be financed under the RRF, but does not further define what constitutes the 'start' of a measure; notes that, in January 2021, the Commission issued guidance interpreting the 'start' of a measure as the beginning of its implementation on the ground, when costs materialise; acknowledges that the Court considers the start of a measure to be the date of the first legal commitment (e.g. contract, purchase order, or financing decision), which constitutes the start of the first activity related to the measure, while the Commission considers the start as the beginning of implementation on the ground when costs materialise; recognises the existence of different interpretations of what constitutes the 'start' of a measure under the RRF;

257. Notes that outstanding Union borrowing increased by more than 30 % in 2024, reflecting the Commission's expanded use of capital markets to finance large-scale programmes such as SURE and NGEU; notes that by 2027 total outstanding borrowing could exceed EUR 900 billion, almost ten times the level recorded in 2020 prior to the launch of NGEU; notes that since December 2022 the Commission has applied a diversified funding strategy as its standard method for raising funds on capital markets, and that at the end of 2024 the nominal value of outstanding Union borrowing stood at EUR 601,3 billion, up from EUR 458,5 billion in 2023; is concerned that the rising level of debt and the associated increase in interest costs will have long-term implications for the Union's fiscal stability, potentially resulting in greater financial strain and reducing the Union's capacity to respond to future challenges or invest in key strategic priorities;

258. Notes with concern that annual NGEU-financed RRF grant payments amounted to EUR 55,9 billion in 2024, reaching only around half of the level expected by the Commission in June 2023 (EUR 96,0 billion), reflecting persistent delays in the submission and processing of payment requests; notes, however, that momentum increased toward the end of the year, with 15 Member States submitting payment requests totalling EUR 58,5 billion in December 2024;

259. Notes that by the end of 2024, payments under the RRF amounted to EUR 197,5 billion out of EUR 358,9 billion in committed grants, leaving up to EUR 161,4 billion still to be disbursed by the end of 2026; notes that this substantial volume of outstanding payments, concentrated in the final two years of the instrument, increases the risk of implementation bottlenecks and further delays, particularly in Member States facing structural capacity constraints; stresses that the timely absorption of the remaining RRF grants will depend on the quality and maturity of reforms and investments, the stability of national governance systems, the availability of administrative capacity and technical support, and the Commission's ability to process a high volume of payment requests efficiently within a compressed timeframe;

260. Notes the Court's finding that RRF grants implementation was lower than expected, while NGEU top-up absorption accelerated in 2024; notes that annual payments of RRF grants totalled EUR 55,9 billion in 2024, of which EUR 7,9 billion was financed from REPowerEU and EUR 48,0 billion from NGEU grants, and that the annual payments for NGEU-financed RRF grants were only half what the Commission had expected in June 2023 (EUR 96 billion); highlights, however, that 15 Member States had submitted payment requests totalling EUR 58,5 billion in December 2024; notes that with payments by the end of 2024 of EUR 197,5 billion out of EUR 358,9 billion of commitments made, RRF grants of up to EUR 161,4 billion remain available to be paid by the end of 2026;

261. Notes with concern the Commission's acknowledgment, in its report of 8 October 2025 on the implementation of the RRF, that the pace of implementation differs significantly among Member States, with only six Member States having received payments corresponding to more than 65 % of their total RRF envelope and another four Member States having received more than 50 % of their allocation; expresses concern about the substantial disparities in the absorption of RRF grants to date; stresses that, with less than six months remaining until the August 2026 deadline, the timely and effective implementation of reforms and investments by Member States has become increasingly urgent;

262. Stresses its concern about the Court's findings in Special Report 22/2024 on double funding resulting from the RRF model; highlights that Member States national plans may include so-called 'zero cost measures', i.e. measures estimated to have no costs to be financed by the RRF, and for which no checks for double funding are carried out, as the Commission considers that measures receiving no RRF funds pose no such a risk; notes that the Court reported potential cases of double funding in relation to RRF measures; recalls that the reported finding in Croatia concerns such a zero-cost measure, and that neither the Commission nor the Member State consider that any RRF funds were duplicated; underlines that the Court's finding reflects a different interpretation of what constitutes 'funded' rather than actual double funding; nevertheless stresses that 'zero-cost measures' and the absence of systematic cross-checks create a structural blind spot which requires strengthened monitoring and guidance; calls on the Commission to continue monitoring and providing guidance to Member States on the application of the double funding rules, while acknowledging the legal and methodological framework established in the RRF Regulation;

263. Recalls that the Regulation stipulates that, measures and actions relating to previously fulfilled milestones and targets must not have been reversed, and that Member States are required to confirm this non-reversal in the management declarations accompanying their payment requests; deplores the RRF legal framework does not allow the Commission to effectively address reversals after 31 December 2026;

264. Underlines that, in line with Article 12(1) of the Financing Agreement and Article 21(1) of the Loan Agreement, the Commission 'may carry out verifications, reviews, checks and audits for the implementation of the RRP regarding the information and justification regarding the satisfactory fulfilment of milestones and targets in a payment request', and that such verifications, reviews, checks and audits may be carried out for a period after the RRF has expired and could help identify cases where information underlying the payment request as submitted by a Member State was not correct;

265. Notes that, under the European Semester, the implementation of measures set out in the medium-term fiscal-structural plans is monitored annually, with Member States submitting progress reports to the Commission; notes that, in line with the guidance [24] to Member States on the information requirements for the medium-term fiscal-structural plans and for the annual progress reports, for the lifetime of the RRF, these reports are required to include information on progress in implementing any of the RRP reforms and investments included in the medium-term fiscal-structural plans; underlines that these reports are essential to ensure transparency, accountability, and the effective use of Union funds, and calls on the Commission to verify that Member States provide complete, timely, and accurate information in line with the objectives of the RRF;

266. Notes that since 2021, the Commission has issued 20 final audit reports covering milestones and targets, containing 591 recommendations to 15 Member States; expresses particular concern that for most (64 %) of the 136 recommendations related to critical and very important findings, the implementation deadline set in the audit report had already passed; notes the Commission acknowledgement that such delays in implementation by some Member States represent 22 % of the total recommendations related to critical and very important findings; notes, further, the Commission's acceptance of the Court's recommendation to analyse the reasons for delays in implementation by Member States and its ongoing review of the status of all outstanding recommendations; expects it to urgently address delays in implementing the Commission's recommendations from the *ex post* audits;

267. Recalls that control milestones continued to be added by the Commission following the detection of Member States' weaknesses in their control systems; notes the Court's observation that while the Commission has enhanced its checks on public procurement and state aid, Member States' control systems remain insufficiently effective to ensure compliance; notes the Court identified weaknesses, which pose a risk to the protection of the Union's financial interests, in 22 individual public procurement procedures including lack of checks to prevent or detect conflicts of interest, weaknesses in justifying the use of urgent procedures and weaknesses in estimating the procurement value and project duration leading to significant differences between the tender documents and the actual contracts signed; notes that the Commission is reviewing its guidance to Member States with a view to improving the related controls at national level; underlines that while compliance with public procurement and state aid rules generally has no bearing on the regularity of RRF payments made by the Commission to Member States, these rules are crucial for ensuring a fully functioning internal market; considers, therefore, that funding must be subject to compliance with applicable internal market rules; recognises the acknowledgement by the Commissioner for Budget, Anti-Fraud and Public Administration during his hearing in the Committee on Budgetary Control on 8 December 2025 that one of the weaknesses which cannot be repeated is the fact that rules on public procurement and state aid are not included as conditions for payment, and the Commission's commitment to correct this under the next MFF;

268. Notes the Court identified weaknesses, for five Member States, in their management declarations, which are to provide assurance that the information submitted with the payment requests is complete, accurate and reliable; notes the Court's finding that the five Member States, including Czechia, Spain, France, Croatia and Slovakia, were aware of insufficient evidence for the satisfactory fulfilment of some milestones and targets when submitting the payment request, but that none of them included any reservation in their management declaration highlighting that a milestone/target was only partially fulfilled at the time of the payment request;

269. Expresses concern about the Court's findings in Special Report 21/2025 'RRF support for an improved business environment'; highlights that reforms set out in the national plans differ in scope, nature and ambition, and may not always translate into structural changes in the business environment; also expresses disappointment that milestones and targets are generally limited to measuring legal 'outputs', mostly the adoption of laws, rather than their results, and therefore, the payment conditions were fulfilled once the laws were adopted, not when the laws have shown their effects; notes that many reforms were already envisaged before the RRF, but that the RRF's financial support helped ensuring that the reforms were implemented at that moment in time;

[24] Notice – Guidance to Member States on the Information Requirements for the Medium-Term Fiscal-Structural Plans and for the Annual Progress Reports (OJ C, C/2024/3975, 21.6.2024, ELI: http://data.europa.eu/eli/C/2024/3975/oj).

Audit and control

270. Notes the Court's observation that, as regards serious irregularities not corrected by the Member State, the Director-General of DG ECFIN qualified its assurance with a reservation following the high risk identified in one Member State, namely Czechia, due to two individual cases of conflict of interest for which there is no information on further corrective action taken by Czechia at this stage and for which the Commission had not yet launched corrective actions; notes that this reservation concerns two RRF payments, and that the Commission also assessed 22 payments as medium risk and six payments as low risk of serious irregularities; notes with concern the Court's view that, as the risk assessment criteria are broadly aligned with those applied for checks in areas such as public procurement and state aid, the overall assessment may not fully capture the level of underlying risk;

271. Is concerned by the Court reporting that information available to the Commission on detected fraud is limited and underlines the need to improve information flows with a view to ensuring the protection of the financial interests of the Union, particularly through enhanced precautionary measures; highlights that, at the end of 2024, the EPPO was handling 311 active cases related to NGEU, and that all but four of these concerned the RRF, representing approximately 17 % of all active expenditure fraud investigations; notes that the estimated damage to the Union's financial interests is EUR 2,8 billion, representing 30 % (2023: 25 %) of the overall estimated damage resulting from all Union expenditure fraud; highlights, however, that the EPPO had only officially notified the Commission of 75 cases related to the RRF, and that 80 % of these notified cases related to one measure in a single Member State, Italy; also notes the EPPO finding that national law enforcement authorities remained the main source of reporting, with 90 % of the new investigations opened based on their information; also notes from the Court's Special Report 06/2026 'Tackling fraud in the RRF' that Member States had reported 51 cases of suspected fraud to DG ECFIN from the start of the RRF in 2021 until end of 2024; is concerned that reports from Union institutions, bodies, offices and agencies, including the Commission, account for less than 1 % of the new EPPO investigations opened in 2025, raising further concerns on the Commission's ability to oversee the RRF; is also alarmed that since the RRF implementation is less than halfway to completion, EPPO expects the number of cases will continue to grow; stresses that the figures presented by the EPPO confirm that the risk of fraud is present in the RRF; stresses that this situation showcases the need to further strengthen national detection and reporting capacities, the cooperation with the EPPO and the Commission, and the overall effectiveness and consistency of anti-fraud systems across the Union; emphasises that protecting the Union's funds and taxpayers' money requires a robust, coordinated and well-resourced anti-fraud framework at both Union and national level;

272. Welcomes the reforms carried out by Bulgaria and the progress achieved in 2025, during which the country received approximately 31 % of its total allocated RRF funding through two tranches amounting to EUR 1,91 billion; acknowledges key reforms in the area of public procurement and judicial transparency; notes that, on 3 November 2025, the Commission adopted an Implementing Decision on the partial suspension of the disbursement of the second instalment of the non-repayable support for Bulgaria as one milestone related to the anti-corruption reform had not been deemed fulfilled satisfactorily; acknowledges the efforts undertaken by the Bulgarian government to introduce reforms aiming to ensure a politically independent appointment of the Anti-corruption Commission; notes that the Commission's Implementing Decision further acknowledges that the National Assembly retains a predominant role in both the nomination and appointment of the management of the Anti-corruption Commission; notes that Bulgaria has six months to revise the legislative framework to reach the required threshold; underlines that the suspension should only be lifted when Bulgaria has taken the necessary measures to ensure satisfactory fulfilment of the milestone;

273. Notes the Court's repeated findings of certain national audit authorities' shortcomings in terms of scope, quality, documentation and reporting; stresses the need for a clear framework of responsibilities to guarantee quality and consistency; insists that audit bodies in Member States comply with internationally accepted audit standards; warns that failure to do so undermines the reliability of their work and poses risks to the Single Audit approach;

274. Regrets the incomplete audit trails observed by the Court in the RRF, which weaken traceability and limit the ability of Parliament and the Court to exercise scrutiny; stresses that all Commission databases and information systems used for the collection, exchange and monitoring of data between the Commission and the Member States must be accessible to the Court; underlines that the Court should have direct and prompt access to the original data as recorded in the system, without prior modification, aggregation or editing by national authorities or Commission services; emphasises that such access is essential to ensure the independence, reliability and effectiveness of audits and to uphold transparency and accountability in the implementation of the Union budget;

275. Expresses concern that audits of RRF and other performance based instruments focus on system audits rather than controls on actual expenditure incurred; warns that such system audits may not reveal underlying issues which can spill over and seriously undermine the sound financial management of the Union budget and the protection of the financial interest of the Union; calls on the Commission to take decisive corrective measures, strengthen audit and accreditation procedures, and ensure that similar systemic failures cannot recur, while respecting the principle of proportionality regarding reporting and documentation duties;

276. Considers that the RRF constitutes a constitutional test for democratic accountability, given its size, speed and exceptional delivery model; recalls that the RRF is financed through substantial common European borrowing and therefore requires the highest standards of financial responsibility, transparency and value for money for Union taxpayers; stresses that Parliament's role as discharge authority is meaningful only if transparency, traceability, objective application of the rules and verification standards are applied rigorously and consistently across all Member States and if the assessment of milestones and targets is carried out in a fully objective and non-politicised manner ensuring equal treatment of Member States; considers that any shift towards performance-based instruments must be accompanied by parliamentary scrutiny in order to guarantee democratic accountability; opposes any proposal that would upset the institutional balance and undermine Parliament's role as discharge authority;

Transparency

277. Notes that for 2024 the Court assessed the national systems of five Member States to assess whether they were capable of tracking RRF funds from the national budget down to final recipients and beyond, as well as providing data on expenditure incurred by final recipients; notes the Court's observation that traceability of RRF funds is not systematic across Member States, and that the systems in place in two Member States did not ensure the systematic collection of data on expenditure incurred by final recipients of RRF funds; regrets the Court's finding that, despite the Commission's guidance on the methodology to be followed by Member States for publishing the 100 biggest final recipients ([25]), significant variations in the type of information published occur; expresses serious concern that such shortcomings in transparency and traceability risk undermining public trust and effective democratic scrutiny of RRF expenditure; also notes that two Member States reported amounts allocated (i.e. budgeted) or disbursed but in some cases only to the level of intermediate bodies, and in some cases combined with national funding, and that one Member State only reported data related to measures with milestones and targets submitted for payment to the Commission, which did not fully reflect implementation of ongoing measures;

278. Recalls that Article 22(2)(d)(ii) of the RRF Regulation (EU) 2021/241 obliges Member States, for the purpose of audit and control, to collect comparable information on the use of RRF funds, including on the names of final recipients, contractors and sub-contractors, and beneficial owners; recalls, further, that while the Regulation does not oblige Member States to collect and publish information about expenditure incurred by final recipients in pursuit of milestones or targets nor to provide such information with their RRF payment requests, they are however required to publish this information about the 100 'final recipients' receiving the largest amounts of funding under the RRF; notes that the Commission position, presented in its Guidance on Recovery and Resilience Plans, describes a final recipient as the 'last entity receiving funds that is not a contractor or subcontractor'; expresses deep concern over this interpretation of the concept of 'final recipient', and reiterates its view that this contradicts the existing legislation; stresses that it expects the Commission to enforce compliance with existing legislation and to use all means at its disposal to ensure that Member States provide, a complete and meaningful list of final recipients, excluding merely intermediary entities such as ministries or managing authorities; underlines that, to ensure transparency, the Parliament will consider all available measures to enforce compliance, and to prevent a similar interpretation from being applied to the transparency provisions in other financial regulations; considers that persistent failure to ensure meaningful publication of final recipients seriously calls into question the Parliament's ability to grant discharge on an informed basis recalls that the Parliament has repeatedly raised serious concerns in previous discharge resolutions regarding the RRF, including on the transparency of final recipients; considers that the Commission should start infringement proceedings and that it should act without undue delay to fully exercise its powers as guardian of the Treaties against Member States to ensure that citizens and stakeholders have full access to this information; should it fail to do so, Parliament will consider all appropriate measures within its prerogatives to ensure compliance, including legal action; stresses that full and reliable information on the final recipients is essential in order to prevent misuse of funds, detect fraud and ensure equal standards of accountability across all Member States;

([25]) Report from the Commission to the European Parliament and the Council on the implementation of the Recovery and Resilience Facility (COM/2024/474 final), Annex 5.

279. 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; believes 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 RRPs;

280. Highlights furthermore that, on 4 February 2025, for the purposes of discharge under Article 319 TFEU, Members of the Committee on Budgetary Control requested that the Commission provide for each Member State the list of the 100 largest natural persons or entities receiving funds under the RRF, including contractors and subcontractors; finds it unacceptable that only six Member States shared the requested data with the Commission services, and that a Member State expressed its intention to share the list in the future, while three other Member States indicated they would not submit the data, claiming that the request was not in line with the reporting requirements under the RRF Regulation, while the remaining 17 Member States failed to react to the Commission’s request;

281. Highlights the RRF’s crucial contribution to preventing a severe economic downturn and social crisis following the COVID-19 pandemic and its ability to provide a strong crisis response tool;

Recommendations

282. Calls on the Commission to act on the Court’s recommendations from its 2024 Annual Report to ensure that the Commission:

(i) perform sufficient substantive testing to ensure the reliability of the information supporting the Member States’ compliance with the Council Implementing Decisions requirements when assessing milestones and targets supported primarily by monitoring or implementation reports, instead of relying on Member States’ data and checks;

(ii) analyse the reasons for delays for the implementation by Member States of recommendations linked to critical or very important findings and consider applying flat rate reductions;

283. Furthermore, calls on the Commission to:

(i) closely monitor the continued fulfilment of milestones and targets, in particular those related to audit, monitoring and control, and ensure an adequate monitoring of the state of implementation of various milestones and targets at different point in time after the expiry of the RRF with the options provided under the Financing and Loan Agreements and the European Semester;

(ii) work closely with Member States to ensure that milestones and targets, in particular those of a structural nature or linked with CSRs, are fully and diligently implemented;

(iii) implement stricter verification mechanisms to prevent the inclusion of pre-existing projects that do not provide added value under the RRF framework;

(iv) ensure full compliance with the RRF milestones and only disburse funding if milestones continue to be met;

(v) establish, without any further delay, a binding interinstitutional arrangement ensuring the Court’s full, systematic and real-time access to all the relevant databases including Arachne and Fenix;

(vi) consistently and accurately apply the provisions related to the ‘final recipients’ of the RRF Regulation by revising its Guidance on RRPs, to communicate with Member States on the correct application of the definition of ‘final recipients’, to ensure Member States collect and provide information on the last entities receiving funds, excluding intermediary entities such as ministries or managing authorities, making this information available to the discharge authority by the last RRF payments’ deadline, and start infringement proceedings if necessary;

(vii) ensure greater transparency in the RRF through the timely publication of Commission assessments, national reports, audits and recovery actions in an accessible and verifiable format, enabling proper scrutiny by Parliament, the Court and citizens; supports a layered approach to access – full real-time access for the Court, unrestricted information rights for Parliament, and transparent public access in line with CJEU rulings – while ensuring compliance with GDPR and Union data protection rules; stresses that published data must reflect actual project implementation and results;

(viii) ensure consistent performance information, in the post-2027 MFF, by establishing a single set of clearly defined policy areas and a consistent methodology to link challenges, objectives, measures, funding and performance indicators to one or more policy areas, including through the use of harmonised reporting frameworks and measurable, comparable indicators across all Member States, enabling a clear assessment of results, efficiency and value for the Union's funding;

(ix) 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;

(x) mandate interoperable, automated cross-checks across RRF, cohesion and direct management instruments and to report annually to the discharge authority about detected double funding cases;

(xi) work closely with Member States, in particular those facing structural capacity constraints, by providing targeted technical assistance, guidance and administrative support in order to ensure the full and effective implementation of RRF investments and reforms across all Member States;

(xii) strengthen monitoring mechanisms and ensure that reforms and investments financed under the RRF remain operational and deliver durable impact beyond the disbursement period, in order to protect the Union's financial interests and taxpayers' money;

(xiii) propose, for post-2026 instruments and regulation revisions, an obligation for Member States to report suspected fraud and irregularities using a harmonised taxonomy aligned with OLAF/EPPO standards;

(xiv) perform a macroeconomic evaluation with the objective of assessing the effectiveness and efficiency of Union support to Member States through the RRF, including the extent to which support has been timely and proportional to the intended objectives of the Facility, notably recovery from the COVID-19 crisis, and share it with the discharge authority;

(xv) call for the introduction of predictive analytic tools powered by AI as well as machine learning capabilities that would enable auditors to conduct real-time risk assessments and identify anomalies more effectively.