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EUROPEAN
COURT
OF AUDITORS

2025

EU audit in brief

Introducing the 2025 annual reports
of the European Court of Auditors



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President's foreword



Our 2025 annual report is published amid ongoing negotiations on Europe's next long-term budget, the 2028–2034 Multiannual Financial Framework (MFF). The new framework provides an opportunity to tackle many challenges facing the Union. The European Commission promises it will be bigger, faster, more ambitious, as well as simpler and more flexible, making Europe more strategic and more responsive.

The new framework aims to deliver much at a time when priorities are expanding and needs are evolving. Ambition is vital, but to ensure that its value and impact are realised we should learn from what has and has not worked before. Our 2025 annual report, together with our recent and ongoing work, highlights lessons and practical measures that can help turn ambition into impact.

We provide a clean opinion on the 2025 accounts, in that they accurately present the EU's financial position. However, we draw attention to the transition to the Commission's new financial IT system, which caused accounting errors that needed manual fixes and reconciliations as well as more audit work. Once again, we provide a clean opinion on EU revenue which was free from material error.

Our estimate of the level of error in EU budget spending is at 3.8 % (2024: 3.6 %) which is above our materiality threshold. Since a significant proportion of our audit population is materially affected by error, we issue an adverse opinion on EU budget expenditure.

Our audit population for expenditure totalled €130.8 billion under the general budget. The largest contributor to the material error was ‘Natural resources and environment’ which had an estimated level of error at 3.9 % (2.6 % in 2024). ‘Cohesion, resilience and values’ had an estimated level of error at 6.6 % (5.7 % in 2024). Together these two spending areas accounts for almost two thirds of our audit population. The most common errors in the EU budget are eligibility issues, such as ineligible costs, projects, activities or beneficiaries, along with breaches of public procurement and grant award procedures and missing supporting documentation.

The Recovery and Resilience Facility (RRF) delivery model differs from the traditional budget. Payments depend on the fulfilment of milestones and targets, and it follows a financing-not-linked-to-costs model, rather than being based on actual costs and compliance with EU and national rules. Consequently, RRF results are not comparable with traditional budget expenditure, and we therefore issue a separate audit opinion.

In 2025, RRF expenditure amounted to €45.4 billion. In payments to nine member states we identified instances of milestones and targets that had not been satisfactorily fulfilled, as well as issues related to double funding and the RRF eligibility period. Additionally, we found weaknesses in the Commission’s assessments of member states’ payment requests and that member state control systems are still insufficiently effective. On this basis, we issue a qualified opinion on the RRF expenditure.

By the end of 2025, the Commission had made 102 grant payments totalling €223.9 billion, leaving 38 % of available grant funds to be disbursed in the RRF’s final year. The Commission’s proposals for the next MFF suggest that EU funding would shift toward a model that would largely replicate the RRF. However, we found that the RRF, a temporary instrument designed for swift emergency support, suffers from several weaknesses in terms of performance, accountability and transparency. We therefore reiterate our call for co-legislators to address the issues and lessons set out in our opinions on the MFF proposals and our recent work on the RRF.

Our annual report includes a chapter on budgetary and financial management that outlines risks and challenges for future EU budgets. Notably, EU borrowing could reach €1 trillion by 2027, with the NextGenerationEU (NGEU) being a major contributor. In its proposal for the next MFF, the Commission proposes a fixed annual amount of €24 billion (current prices) to cover both interest and principal repayments. The interest costs alone related to NGEU non-repayable support over 2028–2034 could be around €93 billion. As the impact of borrowing on future budgets becomes clearer, it is important to note that the MFF proposals also allow for substantial borrowing to support Ukraine, member-state national plans and the possible use of the severe crisis mechanism. Such planned borrowing may require member states to increase national contributions to service the debt amid already strained budgets.

In respect of future budgets, overall our message is one of caution, as unless the proposed new revenue streams are approved, the EU budget will face a significant shortfall that would necessitate higher contributions from member states or a scaling back of budget’s overall level of ambition.

To conclude, ambitious budgets demand equally ambitious safeguards. If the future moves to a financing-not-linked-to-costs model, based on milestones and targets, we must learn from experience and strengthen accountability and transparency across the system. That requires credible milestones and targets, measurable results, robust monitoring and verification, and strong national assurance frameworks to ensure that EU funds deliver intended outcomes for its citizens.

Lastly, my sincere thanks to our colleagues whose professionalism, expertise and dedication make our work possible and continually strengthen our institution.

Tony Murphy
President

Overall results

Key findings

In accordance with Article 287 of the Treaty on the Functioning of the European Union (TFEU), we provide a **statement of assurance** to the European Parliament and the Council of the European Union covering the reliability of the EU's consolidated accounts and the legality and regularity of transactions. This is the central element of our annual report.

Opinion

We issue a clean opinion on the reliability of the 2025 accounts of the European Union with an emphasis of matter related to the introduction of SUMMA, the Commission's new IT system.

We also issue a clean opinion on the legality and regularity of revenue for 2025.

We provide two separate opinions on the legality and regularity of expenditure for 2025:

- our opinion on the legality and regularity of EU budget expenditure is adverse.
- our opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility is qualified.

The 2025 consolidated annual accounts are the first set of accounts prepared based on financial information reported in SUMMA. During the year-end closure process, management identified issues arising from the new system which significantly affected the preparation of the accounts, while additional issues were later identified by the ECA during the audit process. These required manual adjustments and reconciliation procedures. We considered the cumulative effect of these findings, together with the corrective actions and year-end procedures performed by the Commission. While the issues identified showed that the transition to SUMMA increased the risk of error in the preparation of the 2025 consolidated annual accounts, we concluded that, after the corrections had been made, their overall impact on the accounts was not material.

Our overall estimated level of error for budget expenditure accepted in the accounts for the year ended 31 December 2025 is 3.8 % (2024: 3.6 %). A substantial proportion of this expenditure is materially affected by error. This concerns expenditure subject to complex rules, mainly reimbursement-based, in which the estimated level of error is 5.6 %. Such expenditure amounted to €75.8 billion in 2025, representing 58 % of our audit population. The effects of the errors we found are therefore both material and pervasive to the year's accepted expenditure and we are issuing an adverse opinion on EU budget expenditure.

With NextGenerationEU (NGEU), the EU mobilised substantial resources to mitigate the COVID-19 pandemic's socio-economic impact. The most significant part of NGEU funds is used for the Recovery and Resilience Facility (RRF), through which €237.5 billion of non-repayable support and €155.9 billion of financial loan support had been disbursed to member states by the end of 2025.

For RRF expenditure, in 2025, the Commission made 37 grant payments to member states which included a total of 697 milestones and 342 targets. 16 of the 420 milestones and targets we examined did not comply with payment and eligibility conditions. These concern nine payments made to nine member states. Based on quantitative and qualitative elements found, we consider that the overall effects of our findings are material, but not pervasive to the year's accepted RRF expenditure. We therefore issue a qualified opinion on RRF expenditure.

Last year in the first payment to Poland, we did not conclude on the satisfactory fulfilment of two control milestones which were a precondition for any RRF payment to Poland. We await the final rulings of the Court of Justice of the European Union on cases related to these milestones before concluding on the satisfactory fulfilment of these milestones and another directly related milestone.

We also note that amounts borrowed from the capital markets to finance NGEU non-repayable financial support to member states are presented differently in the EU budget and in the consolidated financial statements. In line with the RRF Regulation, the borrowed amounts, representing 18 % of EU revenue in 2025, are treated as external assigned revenue, which is additional to the voted budget. With this unusual budgetary treatment, the implementation of NGEU does not formally affect the principle that the revenue and expenditure shown in the annual EU budget should balance. The statement of financial performance does not include these amounts as revenue but it does include the expenses related to NGEU non-repayable financial support, leading to a negative impact on the economic result for the year. Negative economic results increase the deficit in net assets as reflected in the EU's balance sheet and therefore must be funded by future budgets.

Among the key audit matters – i.e. those which, according to our professional judgement, were of most significance in our audit of the financial statements of the current period, we included the following:

- In 2025, the pension liability remained stable, with the slight decrease being attributed to the career development of EU staff, interest costs and the increase of the discount rate by 0.5 %.
- At the end of 2025, the estimated value of incurred eligible expenditure due to beneficiaries but not yet claimed was €187.5 billion (2024: €160.7 billion). The increase in the estimate across all programmes is mainly driven by the fact that the previous programming period is coming to an end and that the uptake of 2021–2027 MFF funds has been slower than anticipated.
- We conclude that the treatment of the impact of Russia’s war of aggression against Ukraine is presented fairly in the consolidated annual accounts.

In 2025, we reported to OLAF 17 cases (2024: 19 cases) of suspected fraud, of which seven were identified during our audit of 2024 expenditure, seven during our audit of 2023 expenditure and one in the context of a performance audit on the Instrument for Pre-accession Assistance (IPA). One of the remaining two cases was reported by the ECA’s procurement service, and the other by a third party. Based on this reporting, OLAF has already opened five investigations as of June 2026. In parallel, we reported 12 of these cases to the EPPO, eight of which resulted in the EPPO opening investigations.



*Want to know more? Our 2025 annual report can be found on our **website** (eca.europa.eu).*

What we audited

2025 EU budget in figures

The European Parliament and the Council adopt an annual EU budget within the framework of a longer-term budget agreed for a period of several years (known as the 'multiannual financial framework' or MFF). In 2025, total payments from this budget were €155.2 billion, or 96.3 % of the available amount.

Including additional payments of €57.6 billion from assigned revenue (mainly NextGeneration EU (NGEU) and REPowerEU), plus €3.6 billion of carry-overs and amounts made available again, total payments in 2025 reached €216.4 billion. Utilisation of the budget for payments was 86.2 % of total payment appropriations of €251.0 billion.

Excluding RRF grants of €40.1 billion, EU budget spending in 2025 totalled €176.3 billion representing 1.9 % of the EU member states' total general government spending and 1.0 % of their GNI.

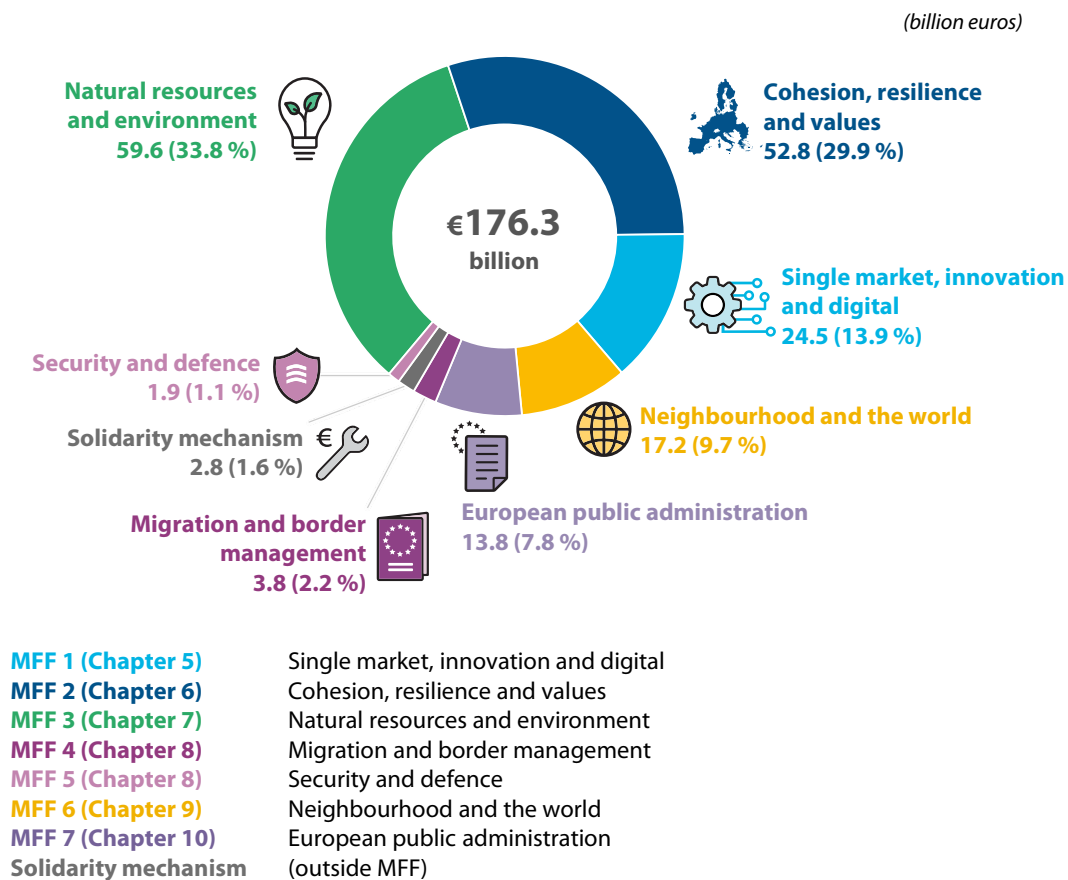
Where does the money come from?

Total budget revenue for 2025 was €224.4 billion. The largest share of the EU budget is financed by amounts that member states contribute in proportion to their gross national income (€101.7 billion). Other sources include a contribution based on value-added tax collected by member states (€23.9 billion), customs duties (€23.0 billion), and a contribution based on plastic packaging waste (€6.9 billion). Amounts borrowed to finance non-repayable financial support to member states in the context of NGEU provide €40.2 billion of EU revenue. There are also other revenues (€28.8 billion). The most significant of these are contributions and refunds connected with EU agreements and programmes.

What is the money spent on?

EU funds are disbursed to beneficiaries either through single payments/annual instalments or through a series of payments within multiannual spending schemes. As [Figure 1](#) shows, the largest shares of the EU budget went to 'Natural resources and environment' and 'Cohesion, resilience and values', followed by 'Single market, innovation and digital'.

Figure 1 – 2025 EU budget spending^(*) per MFF heading



(*) EU budget spending does not include RRF grants.

Source: ECA.

Under the RRF, the member states set out reforms and investments in advance in their national recovery and resilience plans, and the Commission pays them for achieving related milestones and targets. Member states may request disbursements up to twice a year if they provide sufficient evidence that the related milestones and targets have been satisfactorily fulfilled. By the end of 2025, the Commission had made 102 grant payments (one in 2021, 13 in 2022, 23 in 2023, 28 in 2024 and 37 in 2025) totalling €223.9 billion.

What did we cover?

Every year, we audit the reliability of the annual accounts and the regularity of the underlying revenue and expenditure transactions.

To assess the reliability of consolidated accounts, we checked that accounting processes work properly and that the resulting accounting data is complete, correctly recorded and properly presented in the EU's financial statements. On 1 January 2025, the Commission introduced SUMMA, its new central budgetary, treasury and accounting information system. Given the scale of the transition and the increased risk of error, with the involvement of IT audit experts, we performed additional audit procedures, including extended testing of internal controls and additional substantive work on areas affected by the new system.

In 2025, our audit population for testing revenue amounted to €224.4 billion. Our audit population for testing expenditure under the general budget totalling €130.8 billion, consisted of interim and final payments. From this population, we selected a representative sample of 750 transactions. RRF expenditure in 2025 totalled €45.4 billion and our audit covered all 37 grant payments totalling €40.1 billion and clearing of pre-financing totalling €5.3 billion.

For general budget spending, we examine expenditure at the point when final recipients of EU funds have undertaken activities or incurred costs. For the RRF, the condition for payment to member states by the Commission is the satisfactory fulfilment of predefined milestones or targets. We examine RRF expenditure at the point when member states request payment for achieving their predefined milestones or targets and at the point when the Commission has accepted it. We focused on whether the milestones and targets have been satisfactorily fulfilled, and whether the eligibility conditions have been met. Our audit does not cover the loans component of the RRF.

In addition, for each MFF heading we assessed selected management and control systems. We also assessed the work the DGs had done to review and validate the annual accounts and closure decisions, and how they used the results of this work in their 2025 annual activity reports and in the annual management and performance report (AMPR).

What we found

The EU accounts present a true and fair view

The 2025 EU accounts present fairly, in all material respects, the EU's financial results and its assets and liabilities at the end of the year, in accordance with international public sector accounting standards.

We give a clean opinion on the reliability of the accounts, however, we **emphasise a matter** disclosed in the notes to the consolidated annual accounts, which describes the transition to the new financial IT system, SUMMA.

During the year-end closure process, the Commission identified issues generated by the new system which significantly affected the preparation of the accounts, while additional issues were later identified by the ECA during the audit process. These required manual adjustments and reconciliation procedures. The Commission plans to improve and further develop the new system and related controls in future years. Our opinion is not modified in respect of this matter.

Our IT audit work of SUMMA, identified certain significant internal control deficiencies concerning user access management and IT change management. Although control practices were in place, these deficiencies could potentially increase the risk of the reliability of financial transactions and the functioning of the system being adversely affected. We also found weaknesses in incident resolution management and business continuity management which could potentially increase the risk of business disruption.

Based on our IT audit work on the SUMMA we recommend that the Commission should, by end-2026, close remaining functional gaps, ensure robust and monitored temporary workarounds and plan for timely permanent solutions, and address related internal control deficiencies.

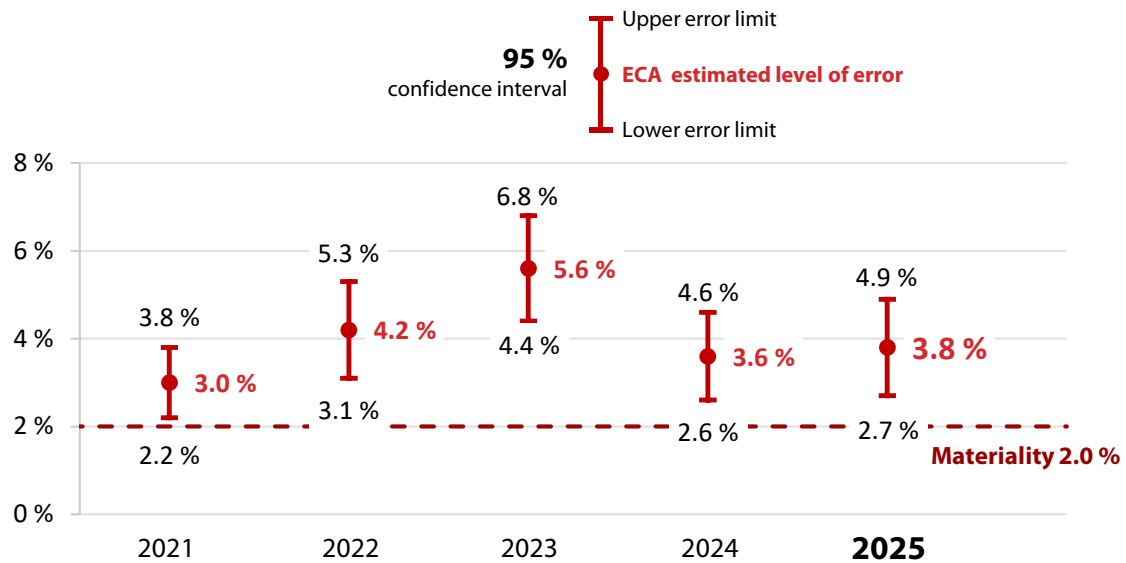
We issue a clean opinion on revenue

We conclude that revenue is free from material error. The systems for managing the revenue we examined were generally effective.

We issue an adverse opinion on EU budget spending

For EU budget spending, we estimate the level of error to be between 2.7 % and 4.9 %. The mid-point of this range (the ECA's estimated level of error), has increased compared to last year, from 3.6 % to 3.8 % (see [Figure 2](#)).

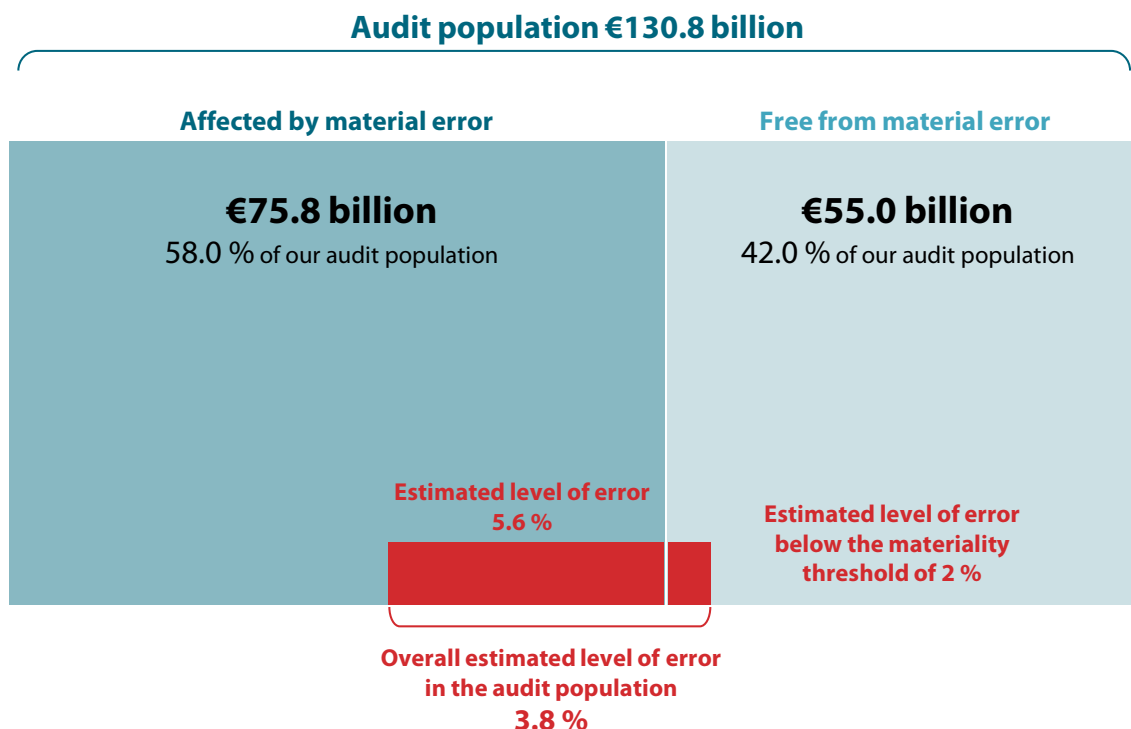
Figure 2 – Estimated levels of error (2021–2025)



Source: ECA.

Figure 3 illustrates that the audited areas affected by material error represent 58.0 % of our audit population (2024: 68.9 %). Taking into account the results of our testing across all MFF headings, we estimate the level of error in this part of expenditure to be 5.6 % (2024: 5.2 %).

Figure 3 – Proportion of our 2025 audit population affected by material error



Source: ECA.

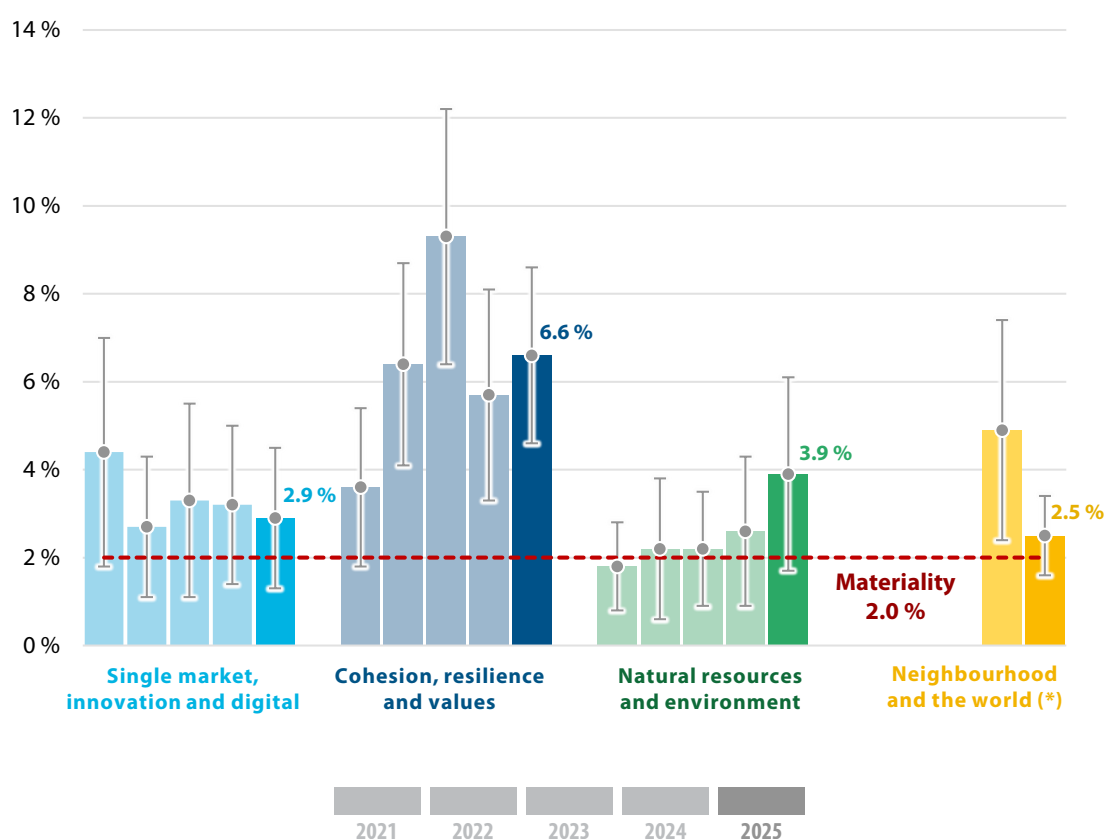
The audited areas affected by material error comprise mainly **reimbursement-based payments**, where beneficiaries have to submit claims for eligible costs they have incurred. To this end, as well as demonstrating that they are engaged in an activity eligible for support, they must provide evidence of the reimbursable costs they have incurred. In doing so, the beneficiaries must often follow complex rules regarding what can be claimed (eligibility) and how costs can be incurred properly (public procurement or state aid rules).

We conclude that 42.0 % of our audit population is free from material error, meaning that the estimated level of error in this part of expenditure is below the materiality threshold of 2 %. This part of the population includes expenditure related to **entitlement-based payments** for which beneficiaries must meet certain conditions (e.g. direct payments for farmers, excluding eco-schemes), as well as part of administrative expenditure (salaries and pensions of EU staff), budget support for non-EU countries, and student and other mobility actions under Erasmus+. We did, however, identify errors in European Agricultural Guarantee Fund (EAGF) direct payment transactions, namely declaration of ineligible land or a lack of supporting evidence that land was legally at the disposal of the beneficiaries claiming it.

The largest part of our audit population affected by material error is 'Natural resources and environment' (€29.5 billion), followed by 'Single market, innovation and digital' (€17.4 billion), 'Cohesion, resilience and values' (€11.4 billion), and 'Neighbourhood and the world' (€9.3 billion).

Figure 4 compares our estimated levels of error for 'Single market, innovation and digital', 'Cohesion, resilience and values', 'Natural resources and environment' between 2021 and 2025.

Figure 4 – Estimated levels of error for MFF headings 1, 2, 3 and 6 (2021–2025)



(*) We did not provide a specific assessment for 'Neighbourhood and the world' between 2021 and 2023.

Source: ECA.

In 2025, we continued to find that eligibility errors, mainly in 'Natural resources and environment', 'Cohesion, resilience and values', 'Single market, innovation and digital' and 'Neighbourhood and the world', were the biggest contributors to the estimated level of error for the part of our audit population affected by material error, at 51 % (2024: 64 %).

Errors relating to infringements of public procurement rules and grant award procedures, mainly in 'Cohesion, resilience and values', 'European public administration', 'Natural resources and environment' and 'Migration and border management', contributed 26 % (2024: 16 %) to the estimated level of error for this part of the audit population in 2025. In addition, payments for which no supporting documentation was provided, mainly in 'Natural resources and environment', 'Cohesion, resilience and values' and 'Single market, innovation and digital, contributed 19 % (2024: 9 %).

From 2025 onwards, we have aligned our methodology for quantifying public procurement errors with the one used by the Commission and the member states in policy areas under shared management.

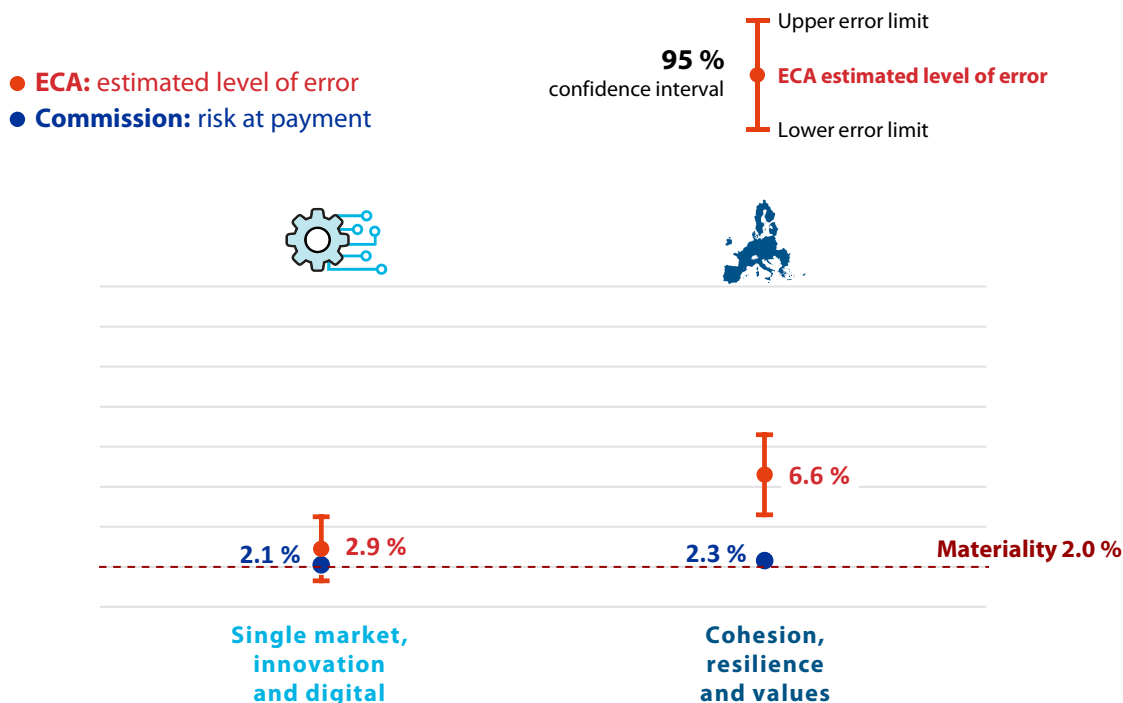
Comparing our error level estimates with those of the Commission

In the 2025 AMPR, the Commission presents its estimate of the risk at payment for all MFF headings except heading 3 'Natural resources and the environment' and heading 6 'Neighbourhood and the world'. [Figure 5](#) presents the Commission's estimate of the risk at payment for the MFF headings for which we provide a specific assessment, alongside the ranges of our 95 % confidence interval for the estimated level of error. The Commission's figures are below the range of our confidence interval for heading 2 'Cohesion, resilience and values' and within our range but below our estimated level of error for heading 1 'Single market, innovation and digital'.

We consider that "errors" occur when money is not used in compliance with the relevant EU legislation or with specific national rules. Our definition includes not only breaches of applicable law resulting from acts or omissions by economic operators but also errors detrimental to the EU budget made by national and regional administrations or by the Commission itself.

There are differences between the respective roles and mandates of the Commission and the ECA, and limitations in management and control systems. Therefore, the level of error reported by the Commission is not directly comparable with our estimated level of error and is likely to be underestimated.

Figure 5 – Our estimate of the 2025 level of error and the Commission’s estimate of the risk at payment, for MFF headings 1 and 2



Source: ECA.

We issue a qualified opinion on RRF expenditure in 2025

The overall audit evidence from our work shows that 16 out of the 420 RRF milestones and targets we examined did not comply with the payment or eligibility conditions. These concern nine payments to nine member states. The minimum financial impact of the 16 findings is above our materiality threshold.

We found weaknesses in the Commission’s ex ante assessment. In 40 cases, the Commission relied on member state information and checks without performing a sufficient level of testing of all the CID requirements.

The Commission’s open *ex post* audit recommendations relating to critical and very important findings have decreased, but for most (64 %) of them, the agreed deadlines have already passed. In the penultimate implementation year of the RRF, weaknesses in member states’ control systems persist, including public procurement and state aid irregularities.

By the end of 2025, the Council had adopted 99 amendments to CID measures. Several milestones and targets were revised during the Commission's preliminary assessment and were aligned with actual achievements, thereby facilitating RRF payments. However, our analysis shows that these changes were frequently made without sufficient explanation or appropriate supporting evidence of the objective circumstances as required. Some amendments removed important implementation stages from the RRF measures, meaning that payments were sometimes linked to preparatory inputs or processes rather than the initially expected outputs. Additionally, we found that there is not necessarily a financial impact when downward amendments concern 'zero-cost' reforms.



*Want to know more? The full text of our 2025 annual report can be found on our **website** (eca.europa.eu).*

A closer look at our results



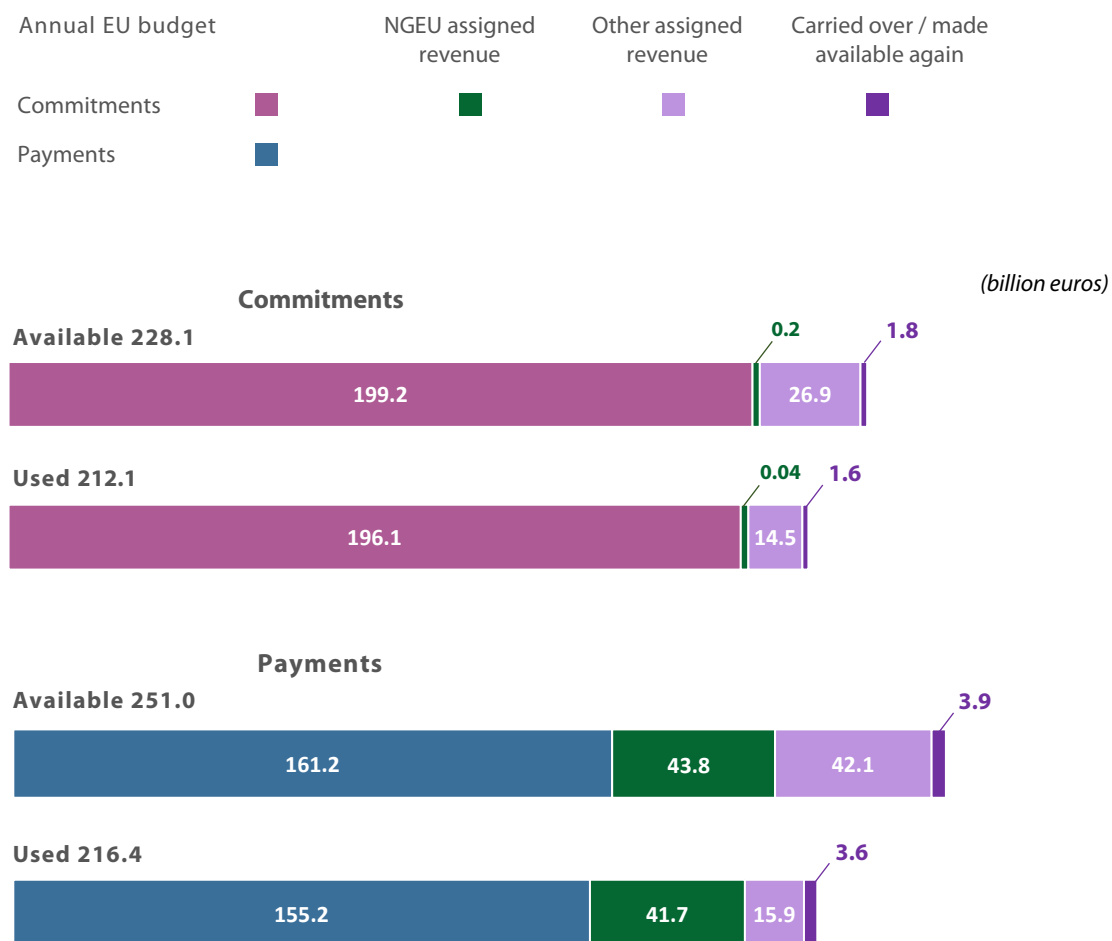
Budgetary and financial management

Budgetary management in 2025

Due to NGEU, payments exceeded commitments in 2025

The year 2025 was the fifth of the 2021–2027 MFF. [Figure 6](#) shows the overall available EU budget appropriations and their use, including for NGEU grants. In 2025, almost all commitment and payment appropriations of the EU annual budget were used. Due to NGEU, total payments in 2025 were higher than total commitments.

Figure 6 – Total available and used appropriations including NGEU grants in 2025



Note: Of the €41.7 billion in NGEU payment appropriations used in 2025, €33.2 billion were used to finance RRF grants and €8.5 billion to finance top-ups to existing programmes.

Source: ECA, based on the 2025 consolidated annual accounts of the EU.

Absorption of shared management funds: 2014–2020 MFF closing, while 2021–2027 MFF accelerating from low base

Absorption of the 2014–2020 ESIF reached 98.6 %, with 26 member states exceeding 95 %

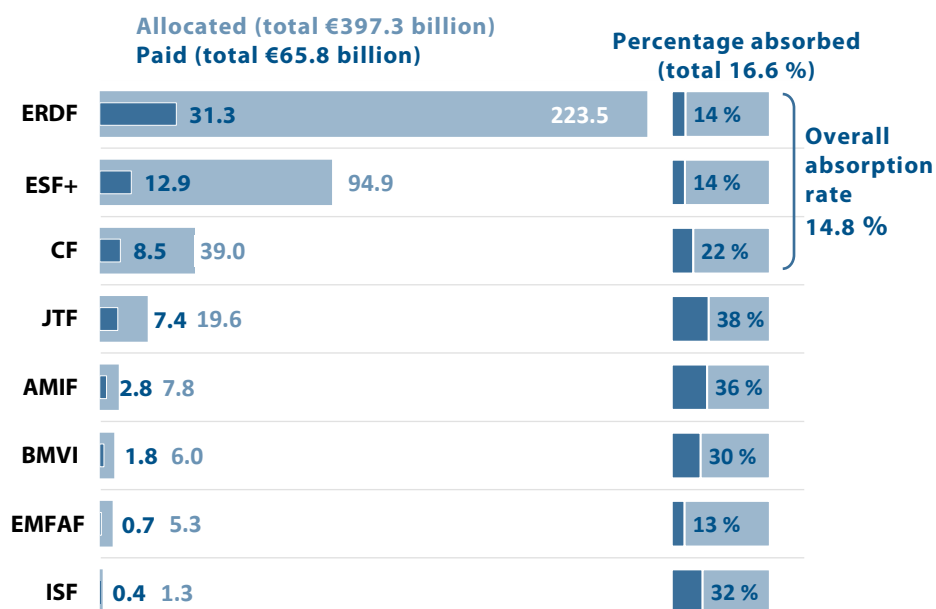
At the end of 2025, total payments for the 2014–2020 European Structural and Investment Funds (ESIF) amounted to €485.2 billion, or 98.6 % of total available funds (€492.3 billion). Payments in 2025 amounted to €7.4 billion. Further progress with ESIF payments in 2025 resulted in 26 member states absorbing over 95 % of their allocated ESI funds by the end of 2025.

Absorption of 2021–2027 shared management funds under the CPR accelerating, but remains lower than in the previous MFF

In 2025, annual payments for the shared management funds under the Common Provisions Regulation (CPR) amounted to €36.8 billion. At the end of 2025, total payments amounted to €65.8 billion, which represented 16.6 % of the amount allocated for these funds under the CPR in the 2021–2027 MFF (see [Figure 7](#)).

Figure 7 – Absorption of 2021–2027 shared management funds under the CPR, as at end 2025

(billion euros)



ERDF: European Regional Development Fund
ESF+: European Social Fund Plus
CF: Cohesion Fund
JTF: Just Transition Fund
AMIF: Asylum, Migration and Integration Fund
BMVI: Border Management and Visa Instrument
EMFAF: European Maritime, Fisheries and Aquaculture Fund
ISF: Internal Security Fund

Note: The amounts for JTF include NGEU figures.

Source: ECA, based on [Commission's open data platform](#) as at 19 January 2026.

Absorption of the three main cohesion policy funds (ERDF, CF and ESF+), accounting for 90 % of the shared management funds under the CPR for 2021–2027, remained lower than in 2014–2020. The overall absorption rate of these three funds was 14.8 % at the end of 2025 compared to 24 % at the equivalent point of the previous MFF (end of 2018). By the end of 2025, outstanding payment claims had accumulated, amounting to €17 billion. These claims were processed in early 2026. Unpaid claims carried over into subsequent years place additional pressure on available payment appropriations and may constrain the capacity to cover new payment claims.

RRF grant payments were significantly lower than expected in 2025

Annual payments of RRF grants totalled €40.1 billion in 2025, which were only 62 % of what the Commission had expected in June 2024 (€65 billion). However, at the end of 2025, net payment requests from 17 member states for RRF grants totalling €20.3 billion were still under

assessment, of which requests for €17.4 billion were received in December 2025. RRF grants paid out by the end of 2025 totalled €237.5 billion (66 %) out of €359.9 billion of commitments made.

There are significant differences in the extent to which member states have absorbed RRF grants so far (see [Figure 8](#)).

Figure 8 – RRF grants paid and amounts to be paid based on revised allocations by member states, as at end 2025

(billion euros)

	Paid		To be paid		Allocated (*)	
	66.0 %	237.5	34.0 %	122.4		359.9
France	84.8 %	34.1	15.2 %	6.1		40.3
Austria	84.1 %	3.3	15.9 %	0.6		4.0
Croatia	81.8 %	4.7	18.2 %	1.1		5.8
Italy	75.4 %	54.1	24.6 %	17.7		71.8
Czechia	70.9 %	5.9	29.1 %	2.4		8.4
Spain	69.0 %	55.1	31.0 %	24.8		79.9
Denmark	67.2 %	1.1	32.8 %	0.5		1.6
Slovenia	66.5 %	1.1	33.5 %	0.5		1.6
Greece	66.1 %	12.0	33.9 %	6.2		18.2
Estonia	65.8 %	0.6	34.2 %	0.3		1.0
Malta	65.6 %	0.2	34.4 %	0.1		0.3
Germany	65.2 %	19.8	34.8 %	10.6		30.3
Portugal	63.8 %	10.4	36.2 %	5.9		16.3
Slovakia	61.9 %	4.0	38.1 %	2.4		6.4
Belgium	58.9 %	3.0	41.1 %	2.1		5.0
Ireland	58.9 %	0.7	41.1 %	0.5		1.2
Finland	57.6 %	1.1	42.4 %	0.8		1.9
Latvia	55.6 %	1.1	44.4 %	0.9		2.0
Cyprus	53.1 %	0.5	46.9 %	0.5		1.0
Bulgaria	53.0 %	3.3	47.0 %	2.9		6.2
Sweden	47.8 %	1.6	52.2 %	1.8		3.4
Romania	47.2 %	6.4	52.8 %	7.2		13.6
Lithuania	46.3 %	1.1	53.7 %	1.2		2.3
Netherlands	46.3 %	2.5	53.7 %	2.9		5.4
Poland	37.7 %	9.5	62.3 %	15.8		25.3
Luxembourg	37.4 %	0.1	62.6 %	0.2		0.2
Hungary	2.2 %	0.1	97.8 %	6.4		6.5

Only **three member states** have absorbed 80 % or more.
Three additional member states could surpass the 80 % threshold if the payment requests they submitted in late 2025 are fully approved.

(*) based on revised allocations.

Note: Excludes administrative expenditures.

Hungary has received only pre-financing and has not yet submitted any payment requests.

Source: ECA, based on [RRF scoreboard](#) and on other Commission data.

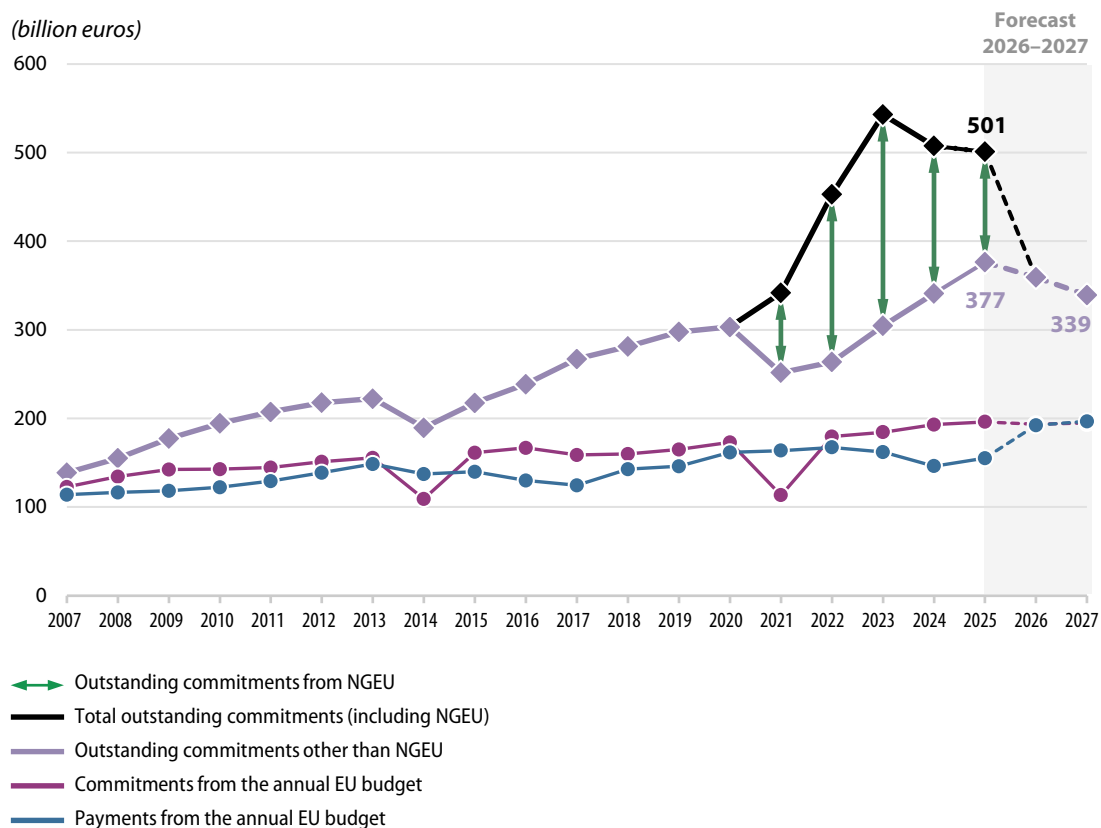
Commitments of NGEU top-ups to MFF programmes total €83.0 billion. Annual payments of these top-ups amounted to €8.5 billion in 2025, with cumulative payments reaching €75.4 billion by the end of 2025. As a result, payments of up to €7.6 billion can be made until the end of 2026.

Outstanding commitments are decreasing but still substantial

Outstanding commitments are the sum of commitments made but not yet paid. At the end of 2025, outstanding commitments, which will require payments in future years unless decommitted, totalled €501.1 billion, including €124.1 billion for NGEU grants (see [Figure 9](#)). Outstanding commitments constrain the flexibility of future budgets, and may limit the EU budget's capacity to respond to changing circumstances or finance new initiatives under the next MFF.

In 2025, the Commission revised down its forecast of outstanding commitments at the end of 2027 from €364.7 billion to €339 billion. As regards NGEU outstanding commitments, all payments (except small amounts linked to administrative and technical assistance expenditure), must be made by the end of 2026.

**Figure 9 – Outstanding commitments, commitments and payments
2007–2025, and forecast for 2026–2027**



Note: The forecasts from 2026 onwards do not include carry-overs or assigned revenue.

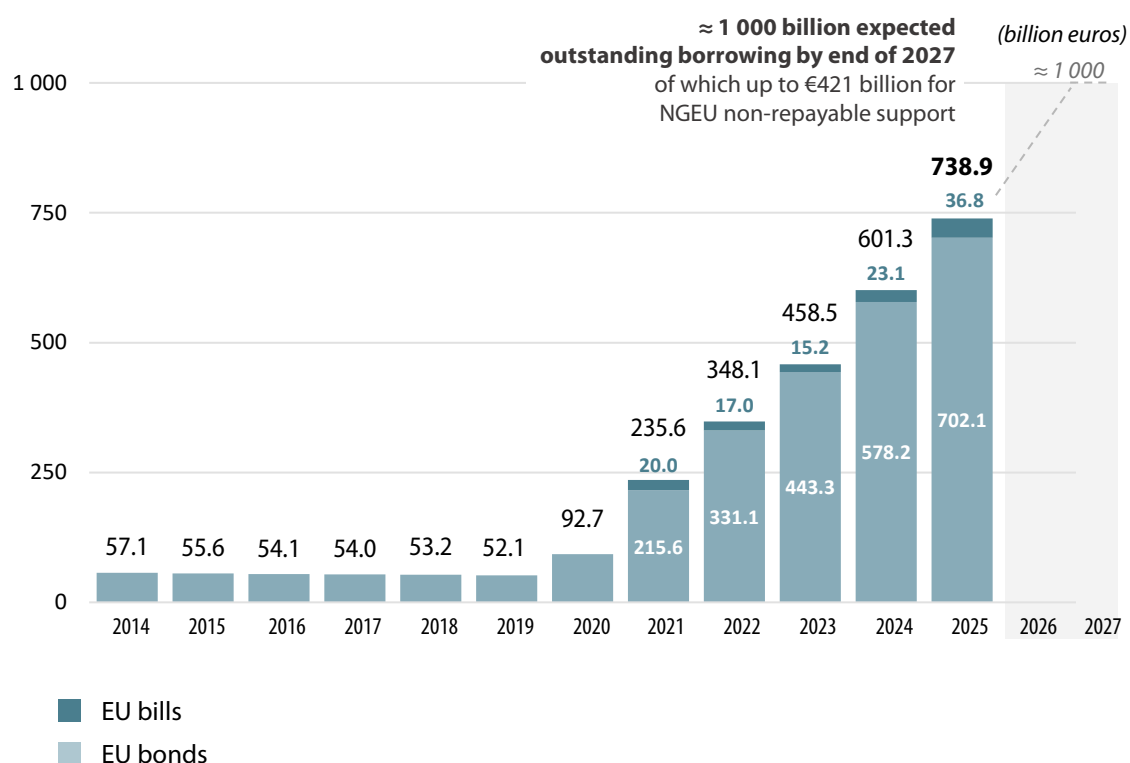
Source: ECA, based on the consolidated annual accounts of the EU for 2007–2025, and on COM(2025) 573.

Financial management in 2025

Outstanding EU borrowing increased by more than 20 % in 2025

In the past five years, the Commission has increasingly relied on capital markets to finance larger programmes, such as SURE and NGEU. By 2027, outstanding EU borrowing could reach €1 trillion (see [Figure 10](#)).

Figure 10 – Outstanding EU borrowing since 2014



Note: EU issuances at nominal value.

Source: ECA, based on the 2025 consolidated annual accounts of the EU and other Commission data.

In 2025, the Council adopted a regulation establishing the [Security Action for Europe \(SAFE\)](#) instrument to finance urgent and large-scale investments for the European defence. The Commission can borrow up to €150 billion on capital markets and lend these funds to member states upon request, based on approved national plans. At the end of 2025, financial operations had not yet started.

The current maturity structure of EU borrowing is distributed across the current and subsequent MFFs. Maturing bonds will be partially rolled over, so that repayment obligations are distributed across subsequent MFFs in line with the requirements of the [Own Resources Decision](#). The outstanding nominal amount of long-term debt securities at the end of 2025 places the EU among the largest issuers of euro-denominated debt.

The initial NGEU programme amount was set up to provide funding to member states of up to €806.9 billion at current prices (€750 billion at 2018 prices). As member states' demand for loans decreased, this amount was adjusted downwards to €698 billion at the end of 2025. Taking into account the reduction in Spain's loan allocation in January 2026, the updated total available funding amounts to €637.7 billion, comprising €216.7 billion for loans and €421.0 billion for non-repayable support. By the end of 2025, the EU had disbursed €452.4 billion, with up to €185.3 billion for NGEU to be paid before the end of 2026.

Repayment of NGEU borrowing must start in 2028 and be completed by 2058 at the latest. Annual principal repayments cannot exceed 7.5 % of the maximum amount of non-repayable NGEU support (i.e. €31.6 billion per year). As regards the amounts borrowed for NGEU non-repayable support, in its proposal for the 2028–2034 MFF, the Commission put forward a fixed annual amount of €24 billion in current prices to cover both interest and principal repayments over that period. Under the proposal, interest payments take precedence, with any remaining funds within the €24 billion annual allocation used to accelerate principal repayment. To achieve the required steady and predictable reduction of liabilities, the Commission will need to roll over expiring debt by issuing new debt instruments to pay off the old ones as they mature. The Commission has not published an overall repayment strategy for NGEU until 2058.

Expected NGEU borrowing costs for the current MFF remain double the initial estimates. However, the conflict in the Middle East, which began in late February 2026, has created additional uncertainty over inflation and broader monetary policy decisions. As a result, future financing costs may differ from current budgetary projections.

The Commission borrows in advance based on forecast disbursement needs of the various programmes to ensure it can meet its obligations on time. The lower than forecast disbursements for the RRF resulted in elevated cash holdings. By the end of 2025, the EU had €103 billion as cash balances of which €65 billion stemming from borrowing.

The EU budget has further implemented support to Ukraine during Russia's war of aggression

According to the Commission, by the end of 2025, the EU and its member states had mobilised over €192.1 billion in support for Ukraine and its people since the start of Russia's war of aggression.

By the end of 2025, the Ukraine Facility had mobilised €31.3 billion, including €23.2 billion provided in loans backed by the headroom of the EU budget. Set up in 2024, the Facility aims to provide up to €50 billion in financial support to Ukraine until 2027. Under the Facility, the EU can also subsidise Ukraine's borrowing costs during the current MFF for both Ukraine Facility loans and the exceptional macro-financial assistance (MFA) loans provided in 2022. In 2025, these interest subsidies, covered by the EU budget, amounted to €0.6 billion (€0.8 billion cumulatively since the establishment of the Ukraine Facility).

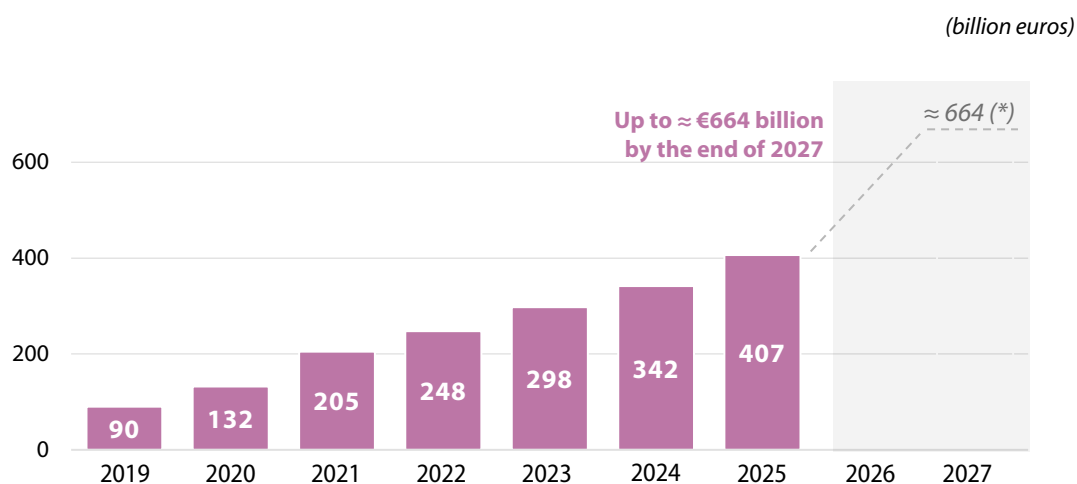
In 2025, the EU fully disbursed a MFA loan of €18.1 billion under the Ukraine Loan Cooperation Mechanism (ULCM), established under the G7 initiative “Extraordinary Revenue Acceleration Loans for Ukraine”. Repayment of principal, interest and related costs is expected to be financed through future inflows of extraordinary revenues from immobilised Russian sovereign assets. However, we note the legal challenges to the immobilisation of Russian assets. According to the Commission, in 2025 the EU set aside €0.6 billion of these extraordinary revenues as a buffer to cover future financial costs associated with the ULCM.

Including the €90 billion Ukraine Support Loan (USL) adopted in early 2026, the approved or agreed loans to Ukraine, backed by the headroom of the EU budget, since 2014, either outstanding or yet to be disbursed, stood at a figure of up to €170.1 billion. Of this total, by the end of 2025, €70.3 billion had already been disbursed.

EU budget exposure continues to rise

The exposure of the EU budget totalled €406.8 billion at the end of 2025, an increase of 19 % from €342 billion at the end of 2024. EU budget exposure is projected to rise further, reaching up to €664 billion by 2027 (see [Figure 11](#)).

Figure 11 – Past and projected exposure of the EU budget



(*) Projected exposure by the end of 2027:

- NextGenerationEU loans: up to €216.7 billion (revised January 2026)
- Support to mitigate Unemployment Risks in an Emergency loans: €82.4 billion
- Security Action for Europe loans: up to €75 billion (≈ 50 %)
- European Financial Stabilisation Mechanism loans: €27.9 billion
- Euratom loans to Energoatom: €0.2 billion
- Loans to Ukraine: up to €170 billion (revised January 2026)
- Loans to other non-EU countries: up to €14.7 billion
- Budgetary guarantees for operations signed: up to €77.6 billion

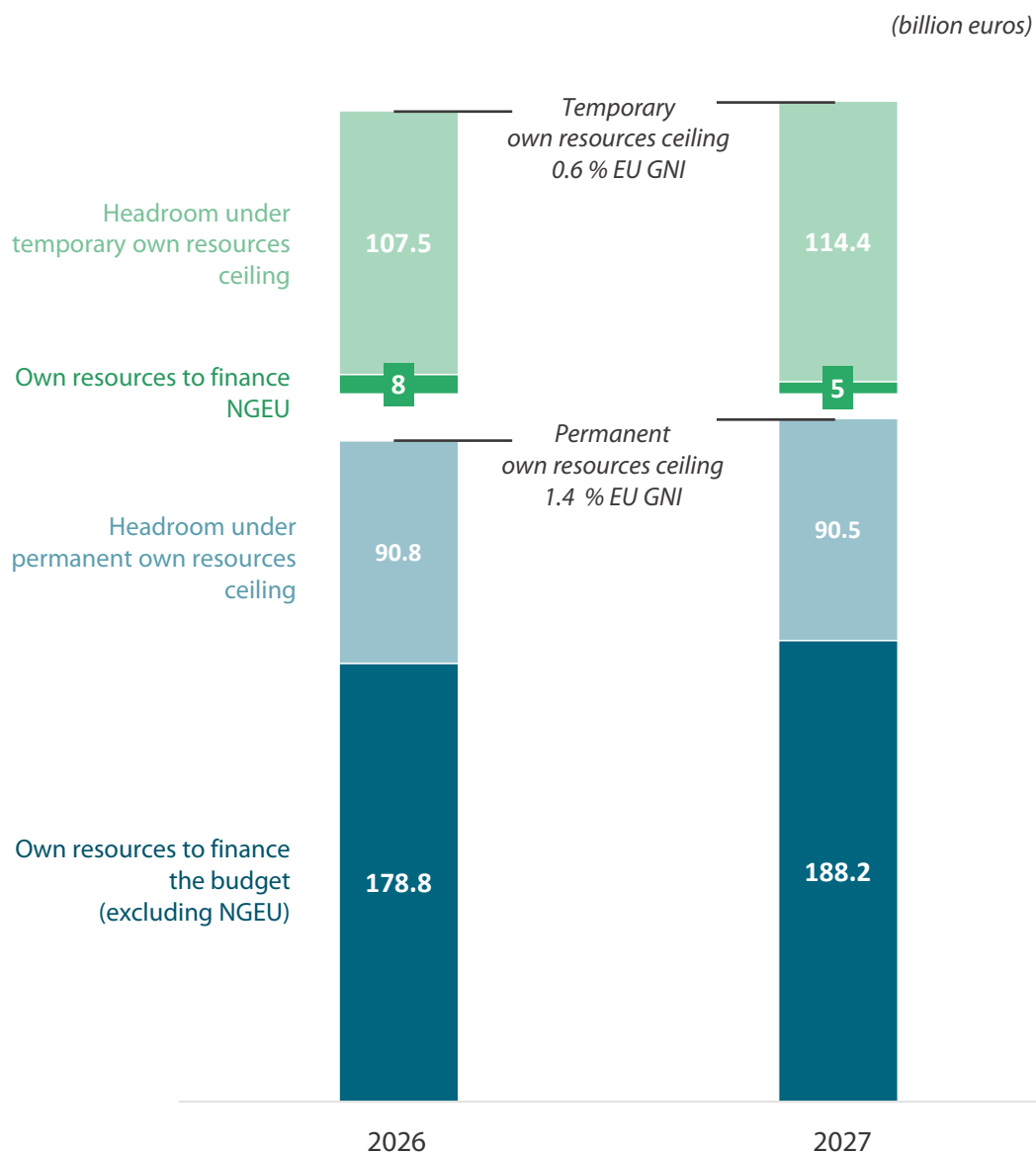
Note: As EU budget exposure, we considered:

- the EU budget guarantees for the borrowing for loans disbursed in the event of defaults on these loans; and
- liabilities that might arise in future if a specific event occurs and are composed of budgetary guarantees that have already been extended for amounts disbursed.

Source: ECA, based on the 2025 consolidated annual accounts of the EU and on other Commission data.

EU borrowing operations are backed by a guarantee mechanism designed to ensure that debt service obligations can always be met. This guarantee is provided through the headroom of the EU budget, which is the annual margin between the own resources ceiling (i.e. the maximum amount the EU may call from member states) and the own resources needed to finance the actual level of payment appropriations under the MFF. In practice, the headroom acts as a last-resort guarantee for investors: should the EU face difficulties in servicing its debt (e.g. due to delayed or incomplete repayments from loan beneficiaries), it enables the Commission to call for supplementary contributions from member states to meet those obligations (see [Figure 12](#)).

Figure 12 – Headroom under the permanent and temporary own resource ceilings



Source: ECA, based on COM(2025) 781.

What we recommend

The Commission should:

- reduce the risk of a payment backlog by taking timely actions together with the member states to ensure an adequate planning and execution of payment needs, within the annual budget and in line with the MFF ceilings with a particular focus on cohesion policy funds; and
- develop a liability management and repayment strategy for the debt associated with NGEU covering the repayment period up to 2058, taking into account macro and financial risks, including rollover, interest rate, liquidity and market risks.



*Want to know more? The full text of chapter 2 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



Getting results from the EU budget

What we audited

This year, our chapter on performance covers the following topics:

- Part 1 - Results and key messages from our 2025 special reports on performance, as well as related information from the Commission and the budgetary and legislative authorities (the European Parliament and the Council);
- Part 2 - Analysis of how the Commission reported performance related information in its 2024 AMPR, for multiannual financial framework (MFF) heading 'Cohesion, resilience and values'.

What we found

Part 1 – Results of our performance audits: key messages

Our special reports examine how well the principles of sound financial management have been applied in implementing the EU budget. They address key performance and compliance objectives. In 2025, we published 26 special reports addressing many of the challenges the EU is facing across its different spending areas and policies.

Table 1 gives an overview of all the special reports we published in 2025, by strategic area of our 2021–2025 strategy.

Table 1 – ECA strategic areas covered by special reports in 2025

 EU response to post-crisis recovery	▪ SR 09/2025: Systems for ensuring compliance of RRF spending with public procurement and state aid rules ▪ SR 10/2025: Labour market reforms in the national recovery and resilience plans ▪ SR 13/2025: Support from the Recovery and Resilience Facility for the digital transition in EU member states ▪ SR 18/2025: EU budget flexibility ▪ SR 21/2025: RRF support for an improved business environment
 Competitiveness	▪ SR 01/2025: Digital payments in the EU ▪ SR 03/2025: Unjustified geo-blocking in e-commerce ▪ SR 07/2025: The European Fund for Strategic Investments ▪ SR 12/2025: The EU's strategy for microchips ▪ SR 19/2025: Critical shortages of medicines
 Resilience and European values	▪ SR 04/2025: EU military mobility ▪ SR 05/2025: Cohesion's Action for Refugees in Europe ▪ SR 11/2025: Transparency of EU funding granted to NGOs ▪ SR 15/2025: EU humanitarian aid under remote management ▪ SR 17/2025: EU aid for trade to least developed countries ▪ SR 26/2025: EU bodies fighting fraud
 Climate change, environment and natural resources	▪ SR 02/2025: Urban pollution in the EU ▪ SR 06/2025: EU actions tackling sea pollution by ships ▪ SR 16/2025: EU funding to tackle forest fires ▪ SR 20/2025: Commission support to fight hunger in sub-Saharan Africa ▪ SR 23/2025: Municipal waste management ▪ SR 25/2025: LIFE strategic projects
 Fiscal policies and public finances	▪ SR 08/2025: Value Added Tax fraud on imports ▪ SR 14/2025: Developing supplementary pensions in the EU ▪ SR 22/2025: Financial corrections in Cohesion policy ▪ SR 24/2025: Financial instruments in Cohesion policy

Source: ECA.

By the end of April 2026, the European Parliament had discussed 20 of our 26 reports in its committees. By 5 May 2026, the Council had prepared conclusions for 12 of our 26 reports published in 2025. Overall, the conclusions supported our recommendations.

Part 2 – Performance of programmes under multiannual financial framework heading 2 ‘Cohesion, resilience and values’

We noted that:

- The Commission’s performance reporting for MFF heading 2 in the 2024 AMPR followed the corporate instructions. In certain cases, the summary indicator table of the programmes’ performance gave a too positive impression, either by including in the programme performance statement (PPS) examples of indicators showing only good progress or information related to planned rather than actually achieved results.
- Performance indicators reported for programming periods in the PPSs were in line with the SMART principle. While the performance framework for the 2021–2027 MFF heading 2 includes more result indicators than the previous period, impact indicators were still lacking for most of the sampled programmes. The identification of impact indicators at the start of the programming period facilitates subsequent monitoring and evaluations. Erasmus+ represents good practice in this respect, with a complete list of output, result and impact indicators.
- Overall, the traceability of the reported performance data was good. Nevertheless, for one of the reported Erasmus+ indicators, we noted the use of forecasted numbers instead of actual results, leading to an overstatement.
- The Commission’s methodology to assess indicators’ progress towards their targets remained unchanged from previous years, providing stability in the overall performance framework. We had a different view of the progress achieved in 19 % of the indicators included in the sampled PPSs. For most of these, we considered that results were less positive than the Commission did.
- For the 2014–2020 shared management programmes, based on the 2024 PPS, we considered that the ERDF and the CF only partly achieved their targets, while the 2014-2020 ESF did achieve its objectives.
- For 2021–2027, the ERDF and the CF and Erasmus+ are on track to achieve their objectives. ESF+ is lagging behind with only 7 of the 20 indicators on track.
- For 2021–2027, the ERDF and the CF provide for only one annual milestone (2024) for their performance indicators, which undermines the objectivity of intermediate progress assessments for the years where milestones were not provided. In addition, the high number of Erasmus+ indicators that had already achieved their targets 3 years ahead of their final milestone indicates that the related targets may have not been sufficiently ambitious.

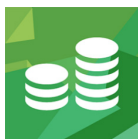
What we recommend

The Commission should:

- identify impact indicators to facilitate the assessment of the programmes' long-term performance which would feed into the ex-post evaluations of the 2021–2027 MFF, and also update the target values for Erasmus+ based on current achievements and the remaining implementation period.
- disclose in the opening heading “Concrete examples of achievements” of the programme performance statement only actual achievements.



*Want to know more? The full text of chapter 3 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



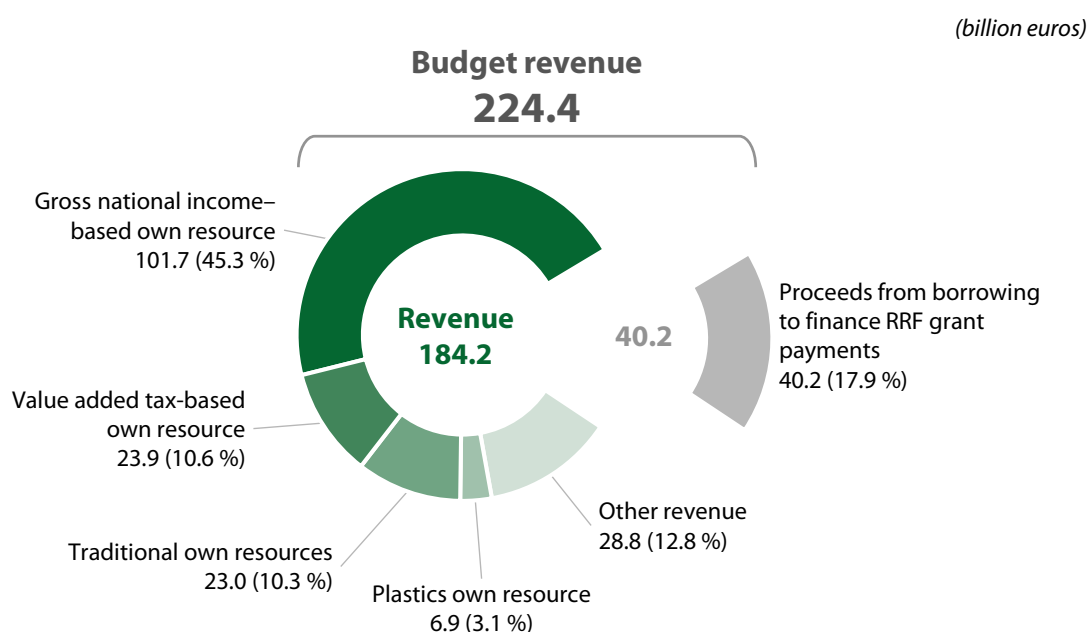
Revenue

€224.4 billion

What we audited

For revenue, we examined selected key control systems for managing own resources, and a sample of revenue transactions. [Figure 13](#) gives an overview of revenue in 2025.

Figure 13 – Revenue – 2025 breakdown^(*)



(*) The total of €224.4 billion represents the EU's revenue in the 2025 budgetary implementation reports which are based on modified cash accounting rules. The amount of €202.5 billion presented in the 2025 statement of financial performance is calculated using accrual-based accounting. Proceeds from borrowing to finance RRF grant payments are included as assigned revenue in the budgetary implementation reports, in line with the legislation, but are not included as revenue in the statement of financial performance in line with the accounting rules.

Source: ECA, based on data from the 2025 consolidated accounts of the European Union.

The **gross national income (GNI)-based own resource from member states** provides 45 % of the EU's revenue in 2025, while the own resource based on **value added tax (VAT)** provides 11 %. These contributions are calculated using macroeconomic statistics and estimates provided by member states. **Traditional own resources (TOR)**, consisting of customs duties on imports collected by member states on EU's behalf, provide a further 10 % of EU revenue.

The own resource based on **non-recycled plastic packaging waste (plastics own resource)** provides 3 % of EU revenue. It is calculated by applying a uniform rate to the weight of unrecycled plastic packaging waste generated in each member state.

Amounts borrowed to finance RRF grant payments provided 18 % of EU budget revenue. Other significant sources included contributions and refunds connected with EU agreements and programmes, which provided 13 % of EU revenue. These included recoveries from member states in the areas of Cohesion, Resilience and Values, Single market, Innovation and Digital, as well as non-EU countries' contributions to EU programmes and activities.

What we found

Regularity of transactions

Audited amount	Affected by material error?
€224.4 billion	No – free from material error in 2025

Examination of elements of internal control systems

The revenue systems we examined were generally effective. However, some elements of the control systems for the management of VAT reservations and TOR open points were partially effective. In addition, the provision of information on GNI reservations and the reporting of data on the plastics own resource, as well as some elements of the key internal TOR controls we assessed in three member states (Belgium, Germany and Greece), were partially effective.

Delays by some member states in addressing GNI reservations have kept all GNI contributions of the last 15 years open for adjustments. At the same time, the Commission made limited use of the legislative tool – its ability to charge late payment interest – designed to incentivise member states to resolve GNI reservations promptly.

Simplifying the VAT system has led to significant reduction in open reservations. For TOR, we noted that weaknesses in member states' management and accounting persist.

Member states' plastics data are not fully compliant with EU rules but the Commission sets relevant reservations to keep the data open for changes.

Other issues

While the establishment of the EU Customs Authority is on track, risks for the development of the EU Customs Data Hub remain. Some member states are delaying the transition towards a digital and interoperable EU customs environment.

What we recommend

In its proposal for a Making Available Regulation for GNI, the Commission should clarify unambiguous and complete rules for late payment interest, so that interest is charged when member states do not provide the necessary information within the prescribed deadline.



*Want to know more? The full text of chapter 4 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



Single Market, Innovation and Digital

Total: €24.5 billion (13.9 % of EU budget expenditure)

What we audited

The programmes financed under the MFF heading 1 ‘Single market, innovation and digital’ are diverse and aim to finance projects that contribute to, among other things, research and innovation, the development of European infrastructure in the transport, energy and digital sectors, communications, digital transformation and the single market, and space policy.

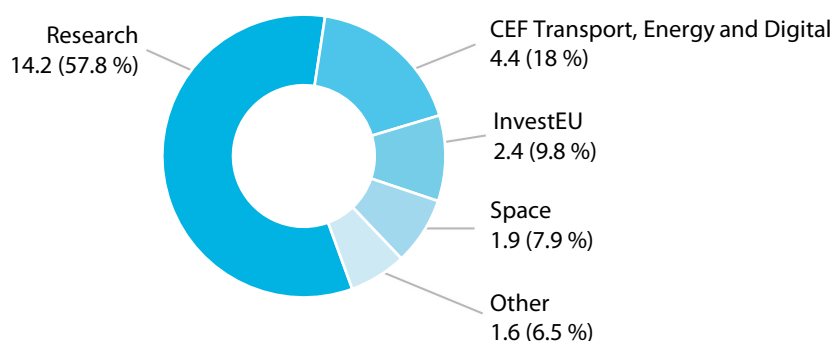
The principal programmes for research and innovation are Horizon Europe for the 2021–2027 period and its predecessor Horizon 2020 (H2020) for the 2014–2020 period. In 2025, the former accounted for slightly more than half of the research transactions we audited.

MFF heading 1 also finances infrastructure projects under the Connecting Europe Facility (CEF), the InvestEU and the space programmes, including Galileo (the EU’s global satellite navigation system), the European Geostationary Navigation Overlay Service (EGNOS), and Copernicus, the European Earth Observation Programme.

Figure 14 gives an overview of the main activities and spending under this heading in 2025.

Figure 14 – MFF heading 1 payments in 2025

(billion euros)



Source: ECA, based on data from the 2025 consolidated accounts of the European Union.

For 2025, €22.5 billion was subject to audit in this area. Most spending on the programmes under this heading is managed directly by the Commission. The remaining parts are implemented by joint undertakings and decentralised agencies. The bulk of the research spending under the Horizon programmes and the CEF takes the form of grants to public or private beneficiaries participating in projects.

The space programmes are generally managed indirectly by dedicated implementing bodies (such as the European Space Agency and the EU Agency for the Space Programme), which are reimbursed on the basis of their actual expenditure on the programmes. Financial instruments (i.e. loans, guarantees and equity investments) under the InvestEU programme are implemented mainly by the European Investment Bank or the European Investment Fund, which in turn use financial intermediaries.

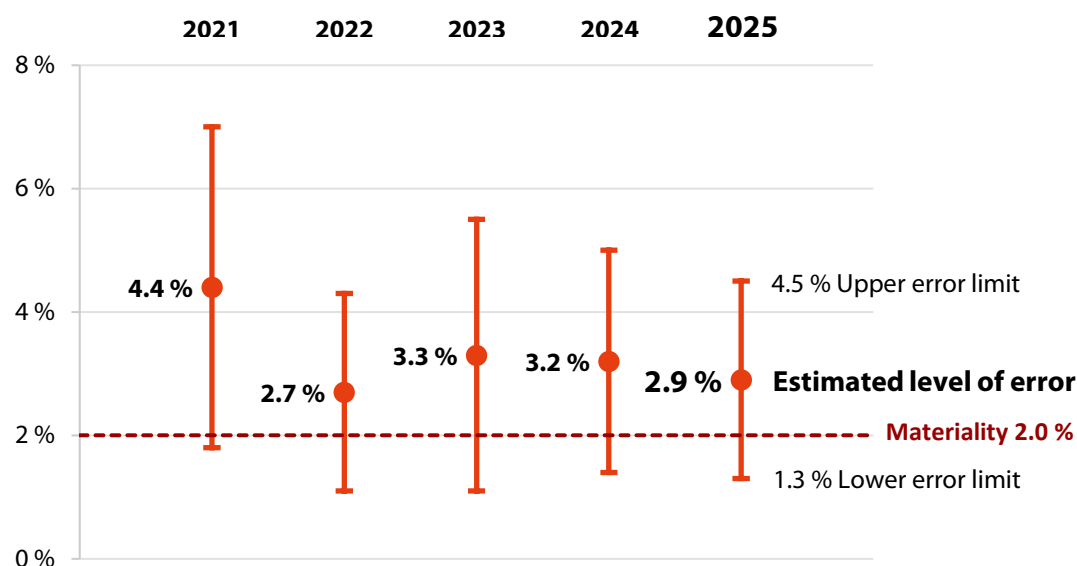
What we found

Regularity of transactions

Amount subject to audit	Affected by material error?	Estimated most likely level of error?
€22.5 billion	Yes	2.9 % (2024: 3.2 %)

Overall, we estimate that the level of error in ‘Single market, Innovation and Digital’ is material. In 2025, 37 (29 %) of the 126 transactions we examined contained errors. Based on these results and additional errors detected in transactions implemented by EU agencies and joint undertakings, we estimate the level of error to be 2.9 % (see [Figure 15](#)). Year after year, our audits in this policy area find a level of error above the materiality level. This suggests a recurring risk of overpayments to beneficiaries.

Figure 15 – Estimated impact of quantifiable errors

Estimated level of error (ELE)

Source: ECA.

Research continues to be a high-risk spending programme. We found quantifiable errors in 28 of the 90 research transactions audited as part of our representative sample (31 %). A large number of them concerned personnel costs. Our audit found no significant differences between H2020 and Horizon Europe as regards the irregularity of expenditure, despite the simplifications introduced under the latter to facilitate the beneficiaries' cost reporting.

As regards lump sum funding under Horizon Europe, our audits indicate that the proposed budgets in the three audited cases included high costs, especially for personnel, and that the documentation available does not show that this was detected and analysed by the experts assessing the proposals. Thus, there is a risk that the three audited grant agreements have inflated budgets. In two of the audited projects, we found unclear definitions of deliverables, and for one some work packages were not satisfactorily completed. For the latter, we quantified the error.

In the case of other programmes and activities, we detected errors in five of the 36 transactions we sampled, all of which were quantifiable.

The Commission's control systems to prevent plagiarism and double funding in Horizon Europe

In Horizon Europe, the risk of plagiarism and double funding is systematically assessed at project evaluation. Operationally, the Commission relies on SIMBA (SIMilarity-Based Analysis), a system owned by the Directorate-General for Research and Innovation (DG RTD), to support these checks. We consider that SIMBA is a mature and continuously maintained tool that supports operational decision-making and is broadly fit for purpose. We identified some weaknesses such as the lack of documentation and formal approval of the selected threshold which triggers follow-up checks, unnecessary follow-up work relating to previous proposals not funded, the traceability of earlier checks, and possible distortions of comparison of documents of different lengths.

What we recommend

The Commission should:

- improve the control framework for lump sum funding in the research area; and
- formalise procedures concerning plagiarism and double funding checks (in SIMBA).



*Want to know more? The full text of chapter 5 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



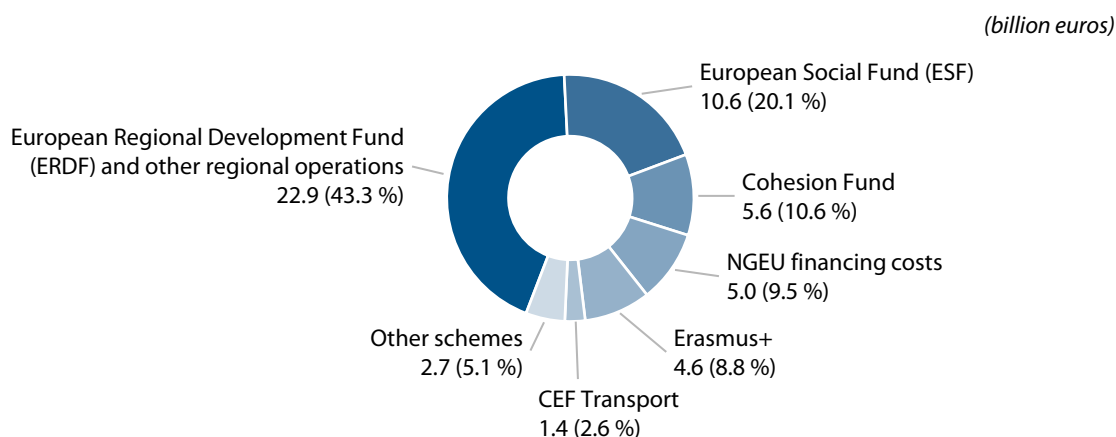
Cohesion, resilience and values

Total: €52.8 billion (29.9 % of EU budget spending)

What we audited

Spending under MFF heading 2 focuses on reducing development disparities between the different member states and regions of the EU (subheading 2a), and actions to support and protect EU values, making the EU more resilient to present and future challenges (subheading 2b). [Figure 16](#) gives an overview of the main activities and spending under this heading in 2025.

Figure 16 – MFF heading 2 payments in 2025



Source: ECA, based on data from the 2025 consolidated accounts of the European Union.

The management and implementation of cohesion policy funds (the European Regional Development Fund/Cohesion Fund and the European Social Fund) is shared between the Commission and the member states. MFF heading 2 also covers EU funding through programmes or actions that are managed either directly by Commission directorates-general (DGs), including through EU executive agencies, or indirectly with the support of partner organisations or other authorities such as Erasmus+ national agencies. It further includes NGEU financing costs for those programmes managed by the DGs responsible for cohesion policy. These made up more than a quarter of our audit population, a significantly larger share than in 2024 and are inherently low risk. We found them to be legal and regular.

We audited the expenditure that had been accepted by the Commission during 2025 for inclusion in the annual accounts. The payments in the 2025 shown in Figure 17 included advance payments, which we audit in later years, once they are cleared. For 2025, our audit population was thus €18.3 billion. It is almost evenly split between MFF subheadings 2a and 2b.

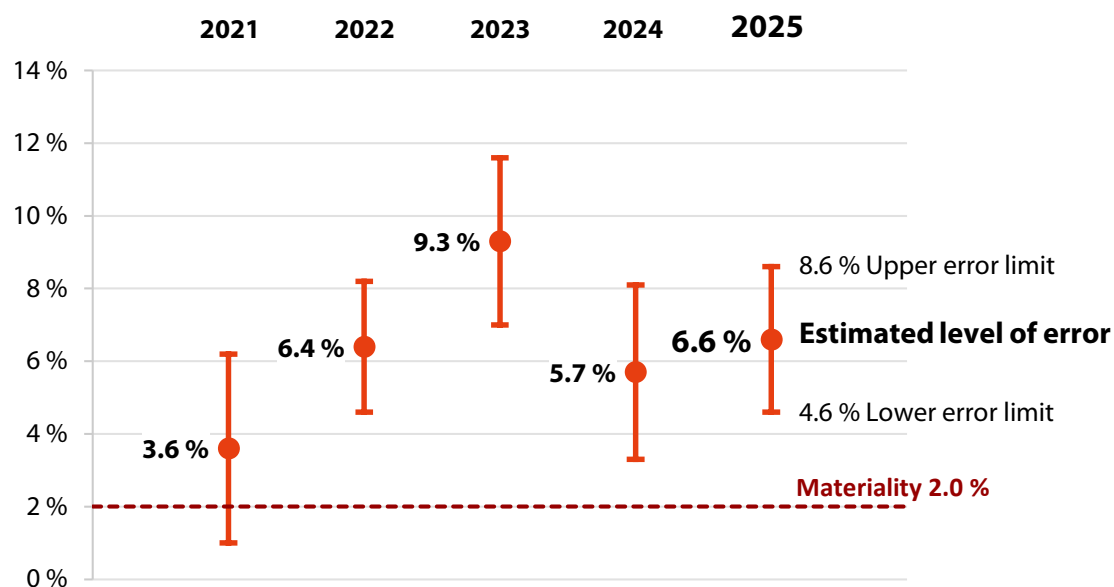
What we found

Amount subject to audit	Affected by material error?	Estimated most likely level of error
€18.3 billion	Yes	6.6 % (2024: 5.7 %)

For 2025, our error rate estimate for MFF heading 2 is 6.6%, which is again above the 2 % materiality threshold. This is based on our audit of 158 transactions, in which we identified and quantified 53 errors (44 errors for a sample of 223 transactions in 2024).

Figure 17 shows the level of error we estimated in 2021–2025.

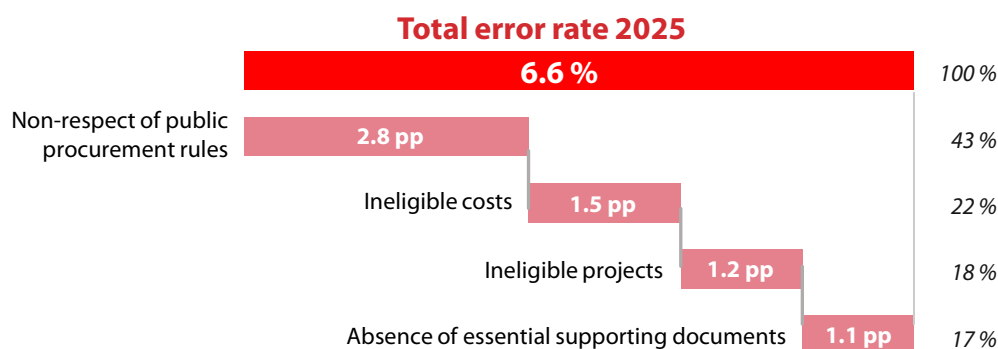
Figure 17 – Estimated level of error



Source: ECA.

Figure 18 shows the main types of error we found.

Figure 18 – Main types of error^(*)



pp: percentage points

(*) This figure does not show all the errors we found because some individual transactions were affected by more than one type of error. When that occurs, we only take account of the error with the highest quantification when estimating the error rate.

Source: ECA.

Cohesion - Shared management

The types of error we found most frequently related to ineligible costs or projects. Twenty one of the 48 errors (44 %) we quantified in shared management were of one of these two types. Most of these related to costs that were ineligible. We also found one project that was not eligible for EU financing.

The Common Provisions Regulation (CPR) requires beneficiaries and programme authorities to maintain systems, procedures and documentation that ensure an adequate audit trail. We found that for 14 of the transactions we examined (29 % of the errors in our shared management sample which we quantified), neither the programme authorities nor the beneficiaries could provide us with documents that we considered essential to demonstrate compliance with the eligibility conditions and other requirements.

Sixty-four transactions in our sample of shared management expenditure involved procurement processes. In 18 of these, we identified cases of non-compliance with EU or national public procurement rules. We quantified 13 of these in accordance with our updated methodology. One type of public procurement error we found in both, shared and direct management, was when contracting authorities accepted substantial modifications made by the contractor to the original contract. Whilst contracts can be modified, EU directives and national public procurement rules must be followed. We also identified other types of error in public procurement procedures.

Simplified cost options (SCOs) were introduced as an important simplification measure. EU rules require the methodology behind SCOs to ensure that they are fair, equitable and verifiable. Beneficiaries used SCOs to declare costs for 65 transactions in our sample (52 %), applying either flat rates, standard scales of unit costs or a combination of both. In five ESF+ transactions where SCOs were used, we either could not confirm the basis for the flat rate or unit cost used or found that it was outdated. In two of these cases, we found that there was unnecessary complexity where managing authorities opted to create their own SCOs rather than use the standard ones provided for in the CPR.

Resilience and values – managed directly by the Commission

We quantified four errors where the Commission directly supported projects through the European Climate, Infrastructure and Environment Executive Agency (CINEA), the European Education and Culture Executive Agency (EACEA) and the European Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL). We found a further two errors in actions funded under Erasmus+.

The Commission's assessment of member states' management and control systems in 2025

The Commission's own assessment was that in 2025 member states' management and control systems (managing authorities/intermediate bodies and audit authorities) either did not function well or were only partially effective in 72 of the 617 DG REGIO programmes and in 41 of the 384 DG EMPL programmes. This includes programmes from both the 2014–2020 and 2021–2027 periods. As a result, the Commission qualified its 2025 declarations of assurance with reservations on most of these programmes. Given the Commission's audit results and our own findings, we agree with the Commission's conclusion that the management and control systems did not function effectively in all member states.

Interreg programmes are designed to promote cooperation between regions across the EU. Since they involve more than one country, their management is subject to different risk factors than other shared management programmes. Although the Commission considers these programmes as low risk, in the 12 Interreg projects we audited, we found seven cases of non-compliance. As a result, we do not confirm the Commission's risk assessment.

Closure of the 2014–2020 period and implementation of the 2021–2027 period

By the end of May 2025, the original deadline for the closure of 2014–2020 programmes (prior to the STEP regulation), the Commission had accepted the last accounts and the final implementation reports for 93 programmes. For the remaining 348 programmes, member states took advantage of the extension to the deadline for submission granted in the STEP regulation. The Commission carries out desk reviews on the final assurance packages it receives from the national authorities at the end of the programming period. In our sample of 16 programmes from the 2014–2020 programming period, we identified three cases where findings were outstanding for audits which we had completed but for which the Commission had not yet closed the legality and regularity procedures. As such, the final accounts accepted by the Commission are still subject to potential corrections.

For the 2021–2027 programming period, implementation was slower than initially timetabled. Slow absorption may result in additional pressure on member states to spend the funds available to them as they approach the end of the programming period, and could reduce the effectiveness of the checks by managing and audit authorities.

What we recommend

Regarding simplified cost options, the Commission should:

- promote the use by managing authorities of the ‘off-the-shelf’ (standard) simplified cost options provided for in the CPR and the related fund-specific regulations,
- remind managing authorities to retain the documentation justifying simplified cost options that remain in effect from previous programming periods, and to update it appropriately, and
- further support member states to enhance their knowledge of simplified cost options by encouraging the sharing of good practice between managing authorities as regards setting-up and applying simplified cost options, with a particular focus on minimising complexity for beneficiaries and final recipients.

Regarding Interreg programmes, the Commission should assess and update, as necessary, its risk assessment taking account of the errors we detected this year and as well as the outcome of its audit work, and act upon it accordingly.



Want to know more? The full text of chapter 6 of our 2025 annual report can be found on our **website** (eca.europa.eu).



Natural resources

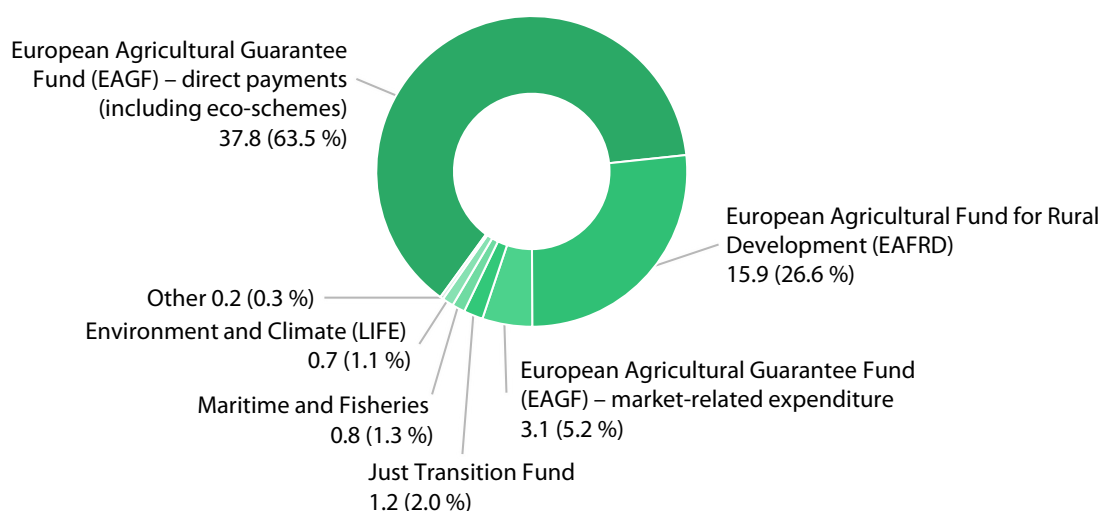
Total: €59.6 billion (33.8 % of EU budget spending)

What we audited

This chapter presents our findings for the MFF heading 3 'Natural resources and environment'. **Figure 19** gives an overview of the main activities and spending under this heading in 2025.

Figure 19 – MFF heading 3 payments in 2025

(billion euros)



Source: ECA, based on data from the 2025 consolidated accounts of the European Union.

In 2025, the common agricultural policy (CAP) represented the main share (95.3 %) of EU spending on MFF heading 3. The CAP has three general objectives for the 2023–2027 period:

- to foster a smart, competitive, resilient and diversified agricultural sector ensuring long-term food security;
- to support and strengthen environmental protection, including biodiversity, and climate action;
- to strengthen the socio-economic fabric of rural areas.

MFF heading 3 also includes:

- the Just transition fund (JTF) which supports regions and people affected by the transition towards climate-neutrality;
- spending under the maritime and fisheries policy financed by the European Maritime, Fisheries and Aquaculture Fund (EMFAF), which falls under the responsibility of the Directorate-General for Maritime Affairs and Fisheries (DG MARE); and

- the LIFE Programme for the environment and climate action under the responsibility of the Directorates-General for the Environment (DG ENV), Climate Action (DG CLIMA) and Energy (DG ENER).

What we found

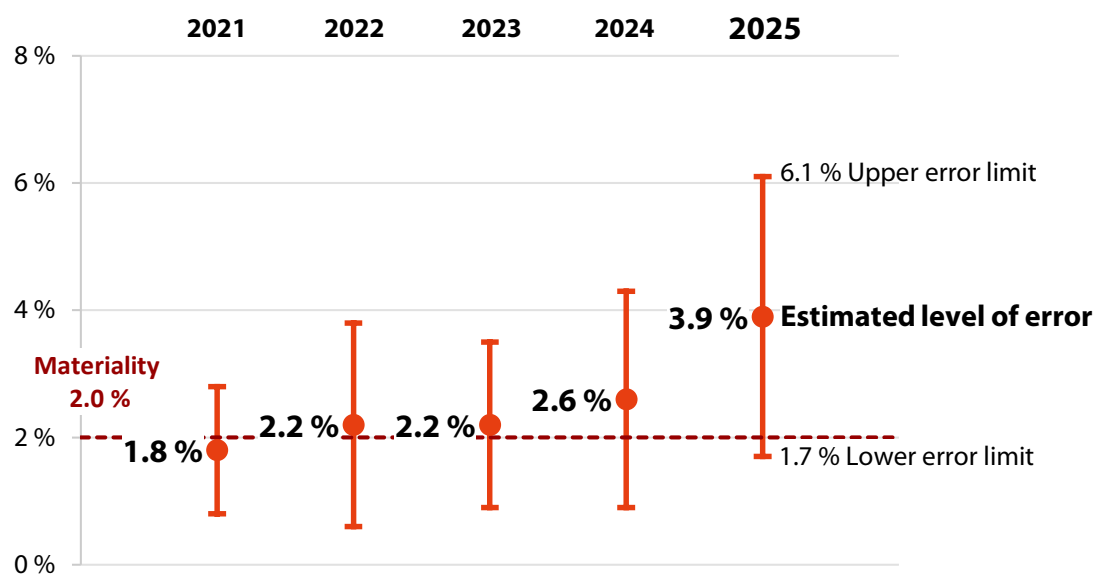
Results of transaction testing

Amount subject to audit	Affected by material error?	Estimated most likely level of error
€58.3 billion	Yes	3.9 % (2024: 2.6 %)

Of the 228 transactions examined, 46 (20 %) contained errors. Based on the 36 errors we have quantified, we estimate the level of error to be 3.9 %. See [Figure 20](#).

Figure 20 – Results of transaction testing

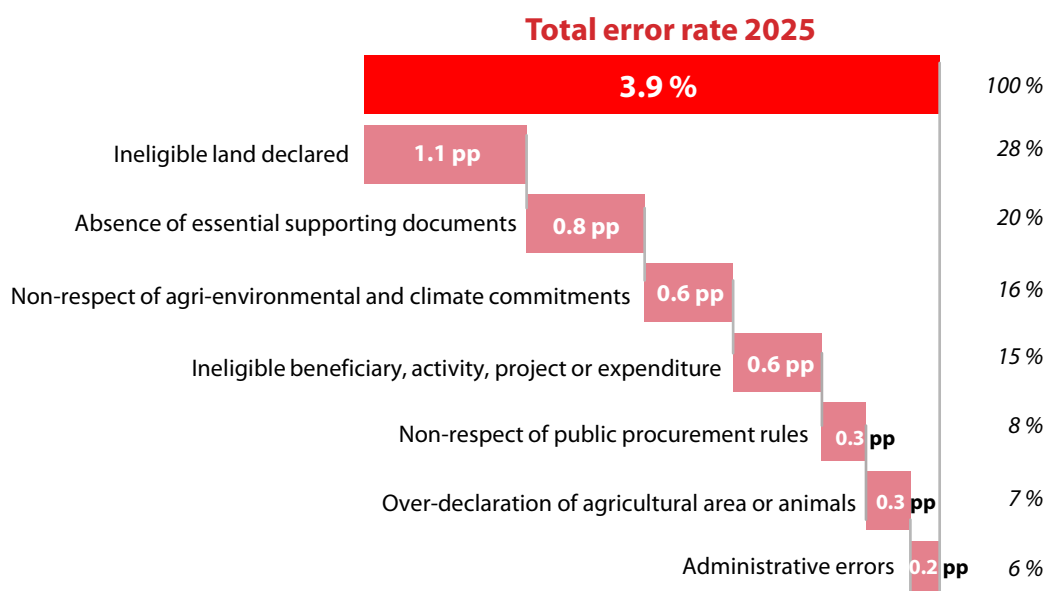
Estimated level of error (ELE)



Source: ECA.

Figure 21 gives a breakdown of our estimated level of error for 2025, by category of error.

Figure 21 – Much of the estimated level of error is related to ineligible land being declared



pp: percentage points

Source: ECA.

Our results indicate that the level of error was lower for direct payments (excluding eco-schemes), representing over half of CAP spending and 49 % of spending under this MFF heading, than for the other spending areas taken as a whole (eco-schemes, rural development, market measures, the JTF, maritime and fisheries policy, and environment and climate action), representing 51 % of spending.

Direct payments

In the 63 direct payment transactions (excluding eco-schemes) tested, we found eight quantifiable errors. Five of them resulted from small over-declarations of area or the number of animals, two from ineligible land being declared, and one from the incorrect calculation of payment entitlements.

In the 40 eco-schemes transactions, we found nine quantifiable errors. Three of them related to declared land being ineligible due to lack evidence that the land was legally at the beneficiary's disposal. In addition, we found two errors resulting from a lack of mandatory documentation, two resulting from non-compliance with funding requirements and two from over-declaration of area.

Rural development, market measures and other policy areas

Below is a list of the transactions we examined and the errors we quantified:

- Of the 52 area- or animal-related rural development transactions we tested, 6 contained quantifiable errors. The errors included three over-declarations of area, two cases of agri-environment-climate commitments not being met, and one case of lack of evidence of legal disposal of land.
- We examined 53 rural development payments to investment projects, such as investments in physical assets, basic services and village renewal, and forestry development. Of the 53 payments, 8 related to the 2023–2027 CAP and 45 to the 2014–2022 CAP. We quantified errors in eight payments, one related to the 2023–2027 CAP and seven to the 2014–2022 CAP. The payments included one or more errors resulting from declarations of ineligible expenditure or activities, non-compliance with public procurement rules, or incorrect calculation of the support rate.
- In the 12 market measure transactions tested, we found one quantifiable error. The error related to the over-declaration of the area for replanting a vineyard.
- For other policies outside the CAP, we audited eight transactions and we found four quantifiable errors. Three of them related to ineligible costs included in LIFE projects and one to the overvaluation of a beneficiary's in-kind contribution to a JTF project.

Review of performance reporting under the 2023–2027 CAP

We reviewed the Commission's approach to providing assurance on the accuracy of paying agencies' annual performance reports for the 2024 financial year. We selected 10 paying agencies, covering nine member states, and examined key checks carried out by their certification bodies and the Commission to ensure the accuracy of their performance data.

Overall, we found no issues relating to the assurance provided for 8 of the 10 paying agencies we covered in our review. For France and Germany, our work confirmed that data transmission delays affected the certification bodies' ability to verify figures and hence their ability to provide assurance on the accuracy of some of the information reported. We note that as of the 2025 financial year the performance clearance procedure has been discontinued.

What we recommend

The Commission should work with member states to improve their control systems for ensuring that land declared is legally at the beneficiaries' disposal.



Source: ECA.



Want to know more? The full text of chapter 7 of our 2025 annual report can be found on our **website** (eca.europa.eu).



Migration and border management, Security and defence

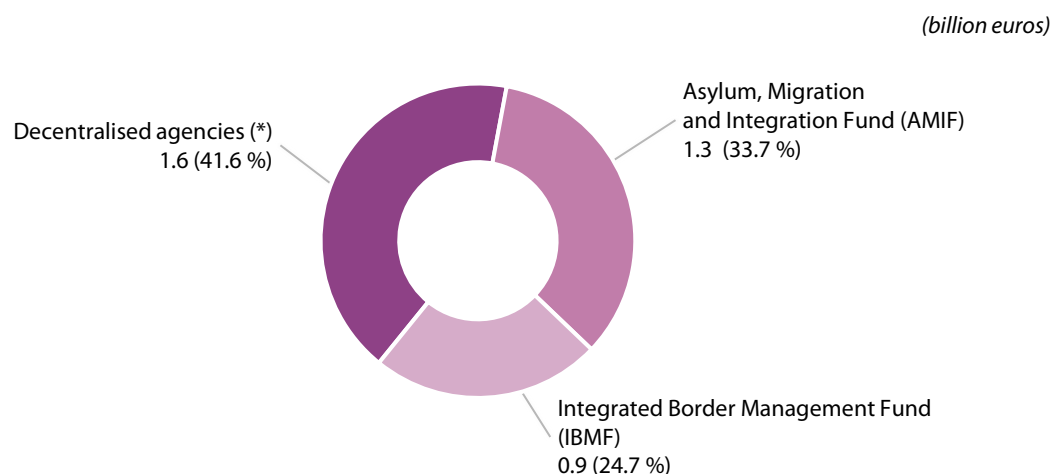
Total: €5.7 billion (3.3 % of EU budget expenditure)

What we audited

This chapter presents our findings for the MFF headings 4 'Migration and border management' and 5 'Security and defence'. [Figure 22](#) and [Figure 23](#) give an overview of the main activities and spending under these headings in 2025.

Migration and border management

Figure 22 – MFF heading 4 payments in 2025



(*) We report on payments to decentralised agencies in our annual report on EU agencies.

Source: ECA, based on data from the 2025 consolidated accounts of the EU.

Spending under heading 4 focuses on support to national authorities receiving asylum seekers and migrants immediately upon arrival, developing a common asylum and migration policy, and ensuring effective returns.

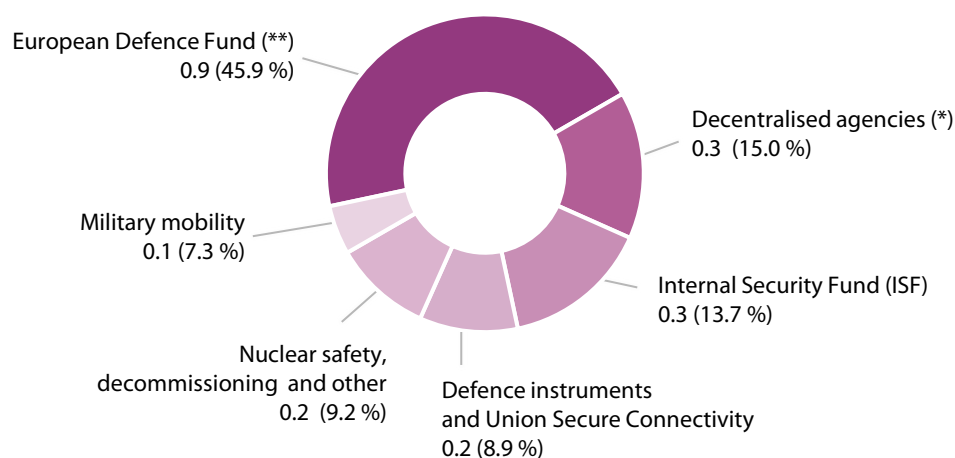
A significant part of the spending in 2025 concerned the Asylum, Migration and Integration Fund (AMIF), and the Instrument for Financial Support for Border Management and Visa Policy (BMVI) of the Integrated Border Management Fund under 2021–2027 MFF. The AMIF and the Internal Security Fund – Borders and Visa instrument (ISF-BV) under the 2014–2020 MFF are undergoing the closure process.

Another significant spending area for MFF heading 4 is the funding for decentralised agencies (European Border and Coast Guard Agency (Frontex), European Union Agency for Asylum (EUA), and European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA).

Security and defence

Figure 23 – MFF heading 5 payments in 2025

(billion euros)



(*) We report on payments to decentralised agencies in our annual report on EU agencies.

(**) This is a spending area that includes funding of projects from several funds (European Defence Fund, European Defence Industrial Development Programme and the Act in Support of Ammunition Production).

Source: ECA, based on data from the 2025 consolidated accounts of the EU.

Spending under heading 5 includes programmes that strengthen the security and safety of European citizens, improving the EU's defence capacities and providing crisis response tools.

- The 'security' component includes funding from the Internal Security Fund (ISF) for 2021–2027 and the closure of the Internal Security Fund – Police instrument (ISF-P) for 2014–2020. This component also includes funding for nuclear decommissioning in Bulgaria, Lithuania and Slovakia, and funding for EU decentralised agencies in the area of security.

- The 'defence' component includes the European Defence Industrial Development Programme, the European Defence Fund, the Act in Support of Ammunition Production and the European Defence Industry Reinforcement through common procurement Act that support collaborative defence projects at all stages of research and development and are managed by the Commission's Directorate-General for Defence Industry and Space (DG DEFIS). The component also supports military mobility through a dedicated budget within the Connecting Europe Facility that relates to adapting sections of the Trans-European Transport Network for civilian-military dual use purposes.

What we found

Regularity of transactions

Of the 28 transactions we examined, 14 were affected by errors. We have quantified 9 errors which had a financial impact on the amounts charged to the EU budget. These errors related to shortcomings in grant award procedures, and improper modification of contracts or grant agreements, and other types of ineligible expenditure.

We also found 17 cases of non-compliance with legal and financial provisions, but with no financial impact on the EU budget. These cases related to, for example, insufficient audit trail, no evidence of conflict-of-interest measures, and weaknesses in design of lump sum grants.

Examination of elements of internal control systems

The three audit authorities we reviewed (in Bulgaria, Czechia and France) had developed and implemented detailed procedures of sufficient quality to report on their work in the annual control report. Overall, we found that the audit authorities had detailed audit programmes and used checklists to support their conclusions. However, we detected a shortcoming in one audit authority whereby a portion of an audited cost was not supported by documentary evidence.

We also assessed the Commission's actions to verify the eligibility of expenditure for two member states at the closure of the 2014–2020 programming period. We detected a shortcoming in the closure of the United Kingdom as the Commission did not exclude an amount from its clearing decision that we had previously identified to be ineligible.

What we recommend

The Commission should:

- take steps to increase member state managing authorities' awareness of their obligations in relation to the award of grants and public contracts; and
- for directly managed projects, review and, where necessary, enhance checks relating to beneficiaries' measures to establish the absence of conflict of interest, respect of national and EU rules on the modification of public contracts and retention of sufficient documentation to support costs claimed.



*Want to know more? The full text of chapter 8 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



Neighbourhood and the World

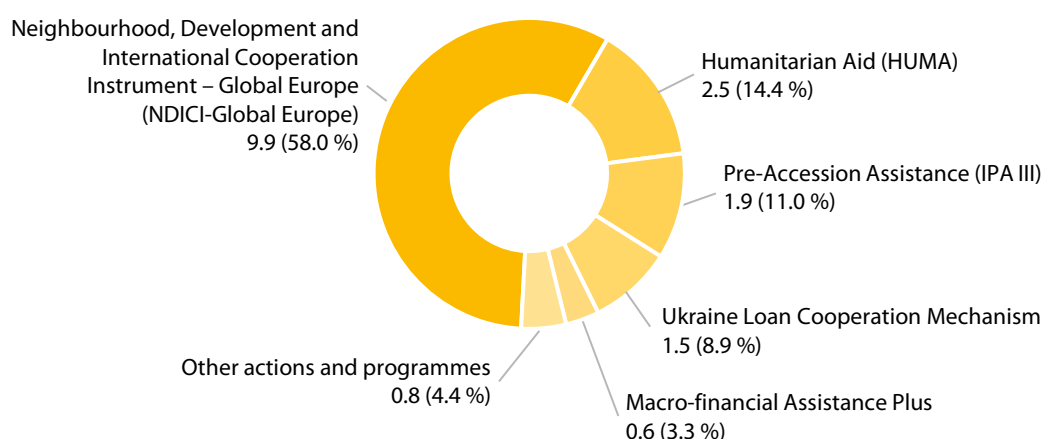
Total: €17.2 billion (9.7 % of EU budget spending)

What we audited

Spending under MFF heading 6 comprises several funding instruments, most notably the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe), the humanitarian aid budget and the Instrument for Pre-accession Assistance. [Figure 24](#) gives an overview of the main activities and spending under this heading in 2025.

Figure 24 – MFF heading 6 payments in 2025

(billion euros)



Source: ECA, based on data from the 2025 consolidated accounts of the EU.

The general objective of NDICI - Global Europe is to uphold and promote EU values, principles and fundamental interests worldwide, and help promote multilateralism and stronger partnerships with non-EU countries. The EU also provides needs-based humanitarian assistance to people hit by human induced disasters and natural hazards, with a particular focus on the most vulnerable.

The objective of the Instrument for Pre-accession Assistance is to support beneficiary countries in adopting and implementing the reforms required to align with EU values with a view to membership, thereby contributing to their stability, security and prosperity.

For the first time in 2025, heading 6 included payments related to the Ukraine Loan Cooperation Mechanism (ULCM). The ULCM uses revenue from immobilised Russian sovereign assets to service and repay EU and G7 macro-financial assistance loans to Ukraine.

The main directorates-general (DGs) and services implementing EU external action in 2025 were the Directorate-General for International Partnerships (DG INTPA), the Directorate-General for Enlargement and the Eastern Neighbourhood (DG ENEST), the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), the Directorate-General for the Middle East, North Africa and the Gulf (DG MENA), and the Service for Foreign Policy Instruments (FPI).

In 2025, payments for ‘Neighbourhood and the world’ amounted to €17.2 billion (pre-financing, interim and final payments) and were disbursed using several instruments and delivery methods. These include works/supply/service contracts, grants, special loans, loan guarantees and financial assistance, budget support and other targeted forms of budgetary aid in non-EU countries.

What we found

Regularity of transactions

Amount subject to audit	Affected by material error?	Estimated most likely level of error?
€12.5 billion	Yes	2.5 % (2024: 4.9 %)

Of the 138 transactions we examined, 52 (37.7 %) contained errors. Based on the 43 errors we have quantified, we estimate the level of error to be 2.5 %.

Payments related to the ULCM amounted to €1.53 billion (12 % of our audit population). This instrument is temporary and the associated transactions (payments of windfall profits to Ukraine) are fundamentally different from the rest of our audit population under this heading. We audited two transactions related to the ULCM, with a total value of €1.23 billion.

We identified various error types, affecting multiple transactions, which have recurred over multiple audit years. The main types of errors were the inclusion of indirect costs as direct costs in payroll, failure to respect public procurement rules, the application of incorrect exchange rates and over-clearing of pre-financing.

As in previous years, a number of errors we identified concerned contracts implemented by pillar-assessed entities (international organisations, international financial institutions and state agencies) under indirect management. For such contracts, the Commission accepted expenditure based on a financial report and a management declaration. The latter is a self-declaration from the pillar-assessed entity certifying that the submitted financial information is properly presented, complete and accurate, and that it has been drawn up in compliance with the obligations laid down in the contract. Of the 43 errors we quantified, 14 related to such contracts, contributing 0.6 percentage points to the estimated level of error.

This year, international organisations gave us full access to supporting documents for audited transactions. This is an improvement on previous years, when access was limited to temporary electronic consultation in a view-only environment without document transfer, which hindered audit planning, implementation, and quality control. We will continue to monitor and report on this issue.

In 19 cases of quantifiable errors made by final beneficiaries, the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure. Had the Commission made proper use of all the information at its disposal, the estimated level of error for this chapter would have been 1.3 percentage points lower.

We also found 33 cases of non-compliance with legal and financial provisions, though these had no direct financial impact on the EU budget.

What we recommend

We recommend that the Commission:

- improve the selection procedure for experts; and
- strengthen controls to prevent remuneration costs from being accepted as direct.



*Want to know more? The full text of chapter 9 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



European public administration

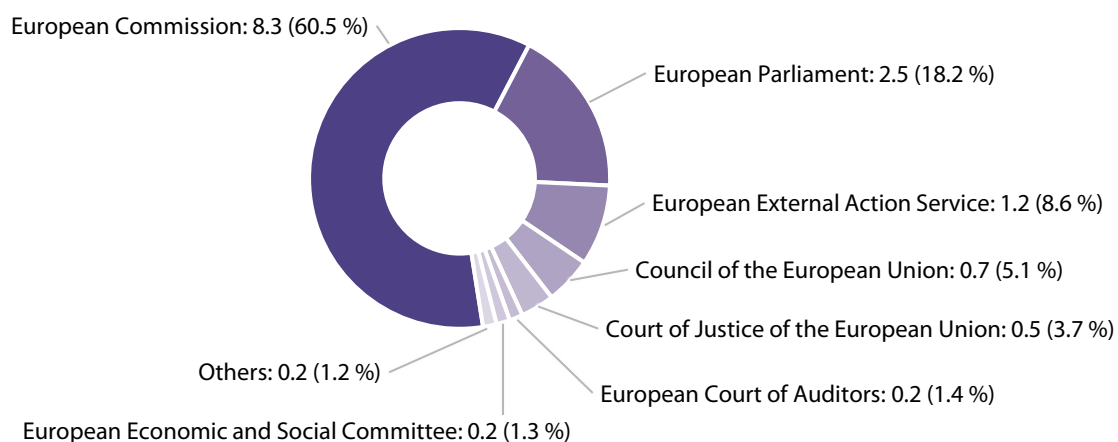
Total: €13.8 billion (7.8 % of EU budget spending)

What we audited

This chapter presents our findings for MFF heading 7, 'European public administration'. **Figure 25** gives an overview of the spending of the EU institutions and bodies under this heading in 2025.

Figure 25 – MFF heading 7 payments in 2025

(billion euros)



Source: ECA, based on data from the 2025 consolidated accounts of the EU.

Administrative expenditure comprises expenditure on human resources including pensions, which in 2025 accounted for about 71 % of the total, and on buildings, equipment, energy, communications and information technology. Our work over many years indicates that, overall, this spending is low risk.

What we found

Amount subject to audit	Affected by material error
€13.7 billion	No – free from material error (same in 2024)

Of the 70 transactions examined, 18 (26 %) contained errors. Based on the 9 errors we have quantified, we estimate the level of error to be below the materiality threshold.

The quantifiable errors concerned expenditure by the European Parliament, the Council, the Commission and the European External Action Service (EEAS), mainly due to procurement weaknesses such as missing essential documentation. The external auditor of the European Court of Auditors reported one issue. We also found non-quantifiable errors affecting the Parliament, the Commission, the Court of Justice and the EEAS. We found no significant issues for the European Economic and Social Committee, the Committee of the Regions, the European Ombudsman or the European Data Protection Supervisor.

In the European Parliament, the errors concerned for example weaknesses in procurement for a payment made by a political group. For the Council, an error related to a wrongly determined daily rate for IT services. In the Commission, the errors included an undue resettlement allowance and weaknesses in buildings-related procurement, including incomplete documentation and shortcomings in negotiated procedures.

We examined the internal control systems of the Commission’s Office for the Administration and Payment of Individual Entitlements (PMO). We found weaknesses in the identification of sensitive posts and staff mobility arrangements, as well as shortcomings in the anti-fraud framework. We also identified weaknesses in the checks used to verify pensioners’ continued eligibility for pension payments, including the follow-up of missing proof-of-life records and the procedures for processing life declarations. These weaknesses may reduce the effectiveness of controls and increase the risk of undue payments.

What we recommend

The European Commission should enhance checks to verify pensioners’ eligibility for continued pension payments.



*Want to know more? The full text of chapter 10 of the 2025 annual report can be found on our **website** (eca.europa.eu).*



Recovery and Resilience Facility

Total: €45.4 billion

What we audited

The Recovery and Resilience Facility (RRF) was established by [Regulation \(EU\) 2021/241](#) ('Regulation') which entered into force on 19 February 2021. It was amended in February 2023, allowing member states to add a 'REPowerEU chapter' in their national recovery and resilience plans (NRRPs) and in February 2024 allowing member states to include in their NRRPs, as estimated costs, the amount of the cash contribution for the purpose of establishing the Strategic Technologies for Europe Platform (STEP). The RRF has supported reforms and investments in member states since the start of the COVID-19 pandemic in February 2020 (since 1 February 2022 in the case of REPowerEU) and will run until 31 December 2026.

The Commission implements the RRF through direct management, meaning that the Commission is directly responsible for its implementation. Payments under the RRF are conditional upon member states satisfactorily fulfilling the milestones and targets set out in the annexes to the Council implementing decisions (CIDs) approving their NRRPs. Further requirements are that targets or milestones that have previously been satisfactorily fulfilled should not have been reversed, and that there is no breach of the double-funding principle. The eligibility conditions laid down in the [Regulation](#) include compliance with the eligibility period, the 'Do No Significant Harm' (DNSH) principle, and non-substitution of recurring national budgetary expenditure (except for duly justified cases). The member states must ensure that the use of funds complies with the applicable EU and national law, in particular regarding the prevention, detection and correction of fraud, corruption and conflict of interest.

By the end of 2025, the Commission had made 102 grant payments (one in 2021, 13 in 2022, 23 in 2023, 28 in 2024 and 37 in 2025) totalling €223.9 billion. This means that 38 % of the total available (grant) funds remains available for disbursement in the last year of the RRF.

RRF grant expenditure in 2025 totalled €45.4 billion and our audit covered all 37 grant payments totalling €40.1 billion and clearing of pre-financing totalling €5.3 billion. Our audit did not cover either the regularity of expenditure incurred by final recipients or the loans component of the RRF.

What we found

Amount subject to audit	Affected by material error?
€45.4 billion	2025: The overall effects of our findings are material, but not pervasive

We found that 16 of the 420 milestones and targets examined were affected by findings with a financial impact. These concerned nine of the 37 RRF payments (and related clearings of pre-financing) in nine member states. We conclude that the minimum financial impact of these findings is above our materiality threshold.

Given the nature of the RRF spending model, and since the Commission's payment suspension methodology relies on many judgements, possibly leading to different interpretations, we do not provide an error rate comparable to other EU spending areas. [Figure 26](#) presents the types of findings that have a financial impact.

Figure 26 – Types of findings that have a financial impact



Source: ECA.

Non satisfactory fulfilment of milestones and targets

Our checks identified 10 milestones and targets in seven member states that had not been satisfactorily fulfilled. We found that not all elements required by the milestone or target had been fulfilled, and that these missing elements represented more than a minimal acceptable deviation. The Commission had nevertheless made the corresponding payments.

Measures that started before the eligibility period

The Regulation stipulates that only measures which started from 1 February 2020 onwards can be funded under the RRF, but does not provide further criteria as regards what constitutes the 'start' of a measure. Our view remains that the start of a measure should be considered the date of the first (legal) commitment (e.g. in the form of a contract, purchase order, or financing decision), since this constitutes the start of the first activity related to the measure. Such a contract or financing decision establishes an obligation, triggering economic and productive activity at contractor and subcontractor levels and leading to results in subsequent payments.

We found that projects relating to four targets from two payments had started before February 2020. Therefore, these four projects should not have been funded by the RRF.

Double funding

For the RRF, double funding occurs when the same underlying cost of a milestone or target is financed twice, and/or when the same deliverables are declared and thus funded twice. Thus, the same deliverable cannot be financed twice from the EU budget, even if one of the financing instruments concerned is not cost-based. We found two cases of double funding, which should not have been funded by the RRF.

Weaknesses in Commission's preliminary assessment

For 12 of the 16 findings with financial impact, we found weaknesses in the Commission's assessment. In addition, we found another 28 cases of weaknesses in the Commission's assessment that did not impact the satisfactory fulfilment of the milestone/target. In these cases, the Commission did not carry out sufficient checks to assess the reliability of data provided with the payment request, and we asked the member states for further information.

Although there are fewer open significant recommendations from the Commission's audits, most are overdue

The Commission carries out ex post audits to detect and correct errors relating to operations after they have been authorised. Since 2021, the Commission has issued 37 final audit reports with 852 recommendations to 21 member states. As of 11 May 2026, the Commission's view was that 89 % of the recommendations had been implemented and the remaining 11 % were open.

The Commission categorises its findings as critical, very important, important or desirable. Critical or very important findings may trigger the introduction of control milestones, or a reservation in the Commission's annual activity report if member states have not yet accepted them, rejected them, or failed to implement them. Those critical or very important findings may also represent a serious breach of obligations of the financing agreement. The number of open recommendations related to critical or very important findings has decreased, from 136 in 2025 to 25 in 2026. Despite this improvement, 64 % of the latter recommendations were still (as at December 2025) overdue during the last year of RRF implementation. We sampled eight closed critical and very important recommendations to verify that they had been implemented and found that the Commission had closed two recommendations without adequate evidence.

Member state control systems are still insufficiently effective

If, during its audits, the Commission detects weaknesses in a member state's control system, it may add control milestones when revising that country's NRRPs. The addition of control milestones blocks all future RRF payments until the member state fulfils them satisfactorily. In 2025 (the penultimate year of the RRF), the member states were still implementing control milestones to ensure their control systems were ready to implement the RRF. Overall, we conclude that all eight control milestones related to 2025 RRF grant payments were satisfactorily fulfilled. We found that out of these eight control milestones, five were added to the second payment requests, while the remaining three relate to the first payment request.

Based on the review of Commission's audit reports and the implementation of the relevant recommendations, we found that there is no assurance that one member state implemented its NRRP with adequate double-funding safeguards at least up to January 2025, and that there is no assurance that two other member states implemented their NRRPs with adequate safeguards against conflicts of interest at least up to time of our checks.

Although compliance with public procurement and state aid rules is not a condition for payments of RRF funds to member states, protection of the EU's financial interests requires member states to ensure that RRF projects comply with them. Regarding breaches of public procurement rules we found two cases where the contracting authority did not justify its decision not to divide contracts into lots, one case where the contracting authority unlawfully chose a simplified procedure, and had not ensured proper publication of the contract notice, and one case where the contracting authority unlawfully used a negotiated procedure without prior publication. Regarding irregularities concerning state aid rules, we found one case of artificial split of projects to avoid notification thresholds, two cases of incorrect calculation of eligible costs, four cases of not meeting exclusion conditions, one case of late publication of transparency information and two cases of weaknesses in the assessment of compliance with the de minimis thresholds.

As regards weaknesses in payment requests, we identified inaccuracies in the payment requests in four member states. In two of them, we found that the member states were aware of insufficient evidence for the satisfactory fulfilment of some milestones and targets when they submitted the payment request, but none of them included a reservation in their management declaration highlighting that a milestone/target was only partially fulfilled at the time of the payment request.

Analysis of CID amendments

Member states can request an amendment of their NRRP if one or more milestones and targets are no longer achievable due to objective circumstances. In the event of a positive assessment by the Commission, it proposes an amended CID, which is adopted by the Council. By the end of December 2025, the Council had adopted 99 amendments. We reviewed 32 modifications of 20 milestones and targets that were part of 18 CID amendments in eight member states.

In 13 analysed milestones and targets, we found that the CID requirements were amended after the member states had submitted the respective payment request to the Commission.

In 17 modifications, we found that the objective circumstances were sufficiently described but not accompanied by sufficient evidence. In 12 others, we found that the member states did not sufficiently explain the objective circumstances and did not provide sufficient evidence.

We found five CID amendments that removed either fully or partially the part of the measure related to the implementation stage. These cases show that certain CID amendments went beyond adjusting timelines or technical specifications and instead removed - fully or partially - outputs that initially constituted key elements for the completion of measures. Amendments to 'zero-cost' reforms do not change the overall estimated costs and also do not affect the related payment amounts as long as the assessment criteria for the plans are met, and this may weaken incentives to maintain initial scope and ambition of the reform.

Issues related to the design of measures, milestones and targets

Milestones and targets should measure the member states' progress in implementing the investments and reforms contained in their national RRFs – and therefore the achievement of the RRF's objectives. We identified seven cases of reforms or investments where either not all elements were covered by milestones or targets, or their completion was not captured by a milestone or target. We also found a control milestone with a critical design flaw and six cases of vaguely defined milestones or targets. We note that such milestones and targets increase the risk of discretionary assessment of their satisfactory fulfilment.

What we recommend

Since RRF implementation will end by December 2026, we will not issue any additional recommendations. However, we have expressed our views regarding the use of financing not linked to costs and the risks related to such instruments in a series of opinions on the Commission's legislative proposals for the 2028–2034 MFF.



*Want to know more? The full text of chapter 11 of our 2025 annual report can be found on our **website** (eca.europa.eu).*



Follow-up of recommendations made in our 2022 special reports

What we reviewed

Every year, we review the extent to which our auditees have taken action in response to our recommendations 3 years after we made them. This follow-up is an important step in the audit cycle. It provides feedback on whether our auditees have implemented the actions we recommended and whether the issues we raised have been addressed. It is also important in designing and planning our future audit work and for keeping track of risks.

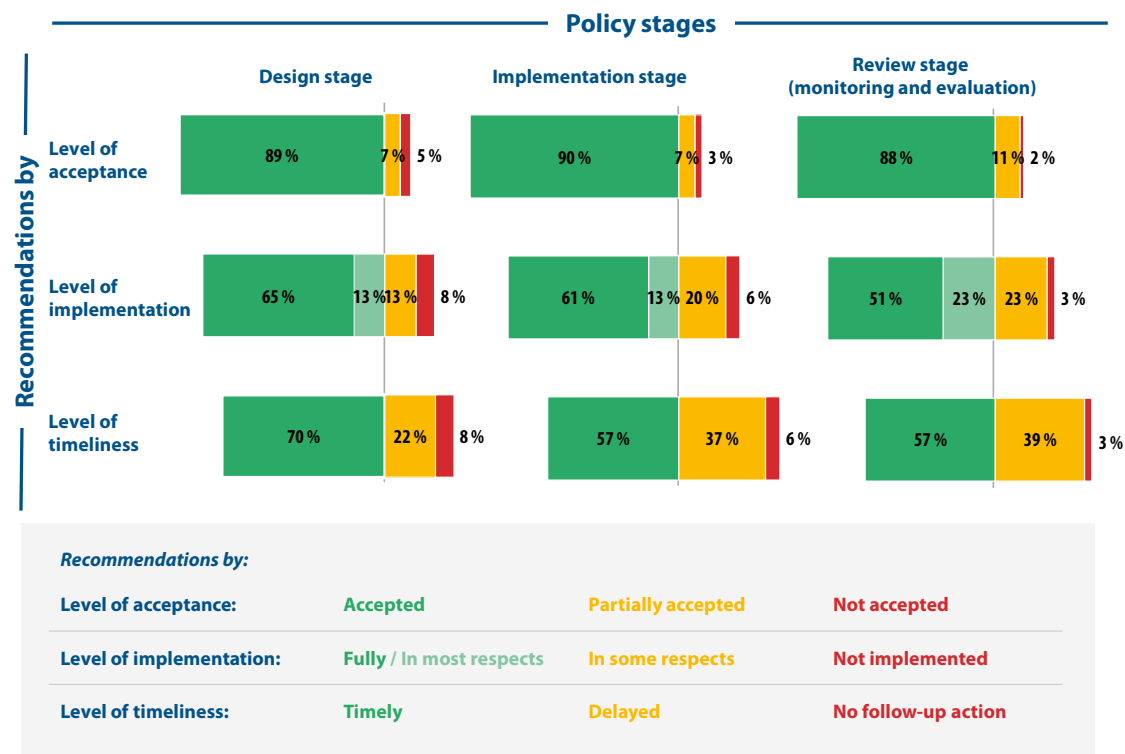
This year, we analysed recommendations from all 28 special reports we published in 2022. We followed up a total of 226 recommendations, of which 194 (86 %) were addressed to the European Commission. The remaining 32 (14 %) were addressed to the European Parliament, the Council of the European Union, the Court of Justice of the European Union, the European Centre for Disease Prevention and Control, the European Securities and Markets Authority, the European Union Agency for Cybersecurity, and the European Union Intellectual Property Office.

What we found

Our follow-up of our 2022 special report recommendations led to the following conclusions:

- the proportion of recommendations implemented in full or in most respects remained broadly constant (74 % compared to 76 % in the previous year);
- the proportion of recommendations implemented on time increased from 56 % last year to 60 % this year; and
- our analysis to verify if there are differences between the three stages in the policy cycle (design stage, implementation stage, and review stage) showed that recommendations related to the design stage of policies or programmes show the highest level of implementation (78 %) and timeliness (70 %) – see [Figure 27](#).

Figure 27 – Level of acceptance, implementation and timeliness by stage in the policy cycle



Note: Figures are presented without fractional digits to improve readability which can lead to rounding differences.

Source: ECA.



Want to know more? The full text of chapter 12 of our 2025 annual report can be found on our [website \(eca.europa.eu\)](https://eca.europa.eu).



European Development Funds

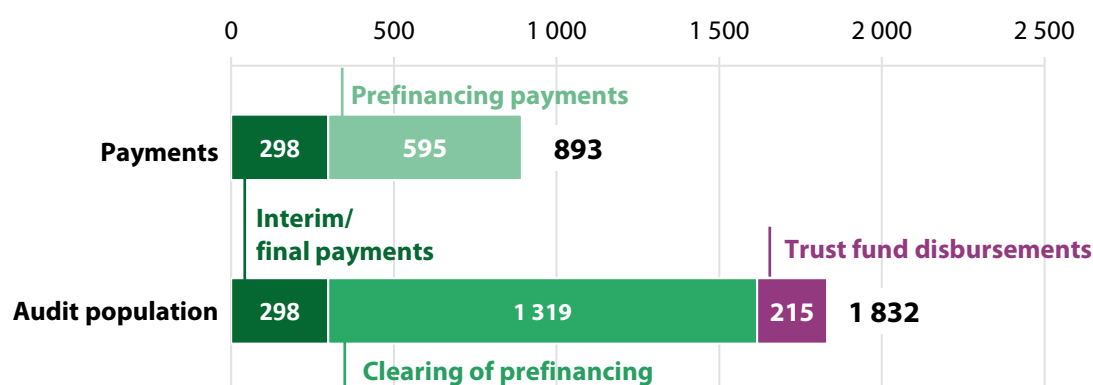
Total: €893 million

What we audited

Launched in 1959, the EDFs were the main instruments by which the European Union (EU) financed development cooperation with the African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs) until the end of 2020. The primary objective of the EDFs is to reduce and ultimately eradicate poverty, in accordance with the primary objective of development cooperation as laid down in Article 208 of the Treaty on the Functioning of the European Union (TFEU). [Figure 28](#) gives an overview of payments in 2025.

Figure 28 – European Development Funds: 2025 financial overview

(million euros)



Source: ECA, based on the 2025 annual accounts of the 9th, 10th and 11th EDFs.

For the 2021–2027 MFF, development cooperation with ACP countries has been incorporated into the Neighbourhood, Development and International Cooperation Instrument – Global Europe, as part of the EU general budget, and cooperation with the OCTs has been incorporated into the Decision on the Overseas Association, including Greenland. However, the 9th, 10th and 11th EDFs have not been incorporated into the EU general budget and continue to be implemented and reported on separately until their closure.

The expenditure covered in this report relates to support that is delivered in 76 countries using a wide range of methods such as works, supply and service contracts, grants, budget support, programme estimates and delegation agreements concluded with pillar-assessed entities (such as international organisations and state agencies).

The EDFs are managed almost entirely by the Commission's Directorate-General for International Partnerships (DG INTPA). A small proportion (1 %) of the 2025 EDF payments was managed by the Directorate-General for the Middle East, North Africa and the Gulf (DG MENA).

What we found

The ECA's statement of assurance to the European Parliament and the Council

We found that the accounts were free from material misstatements.

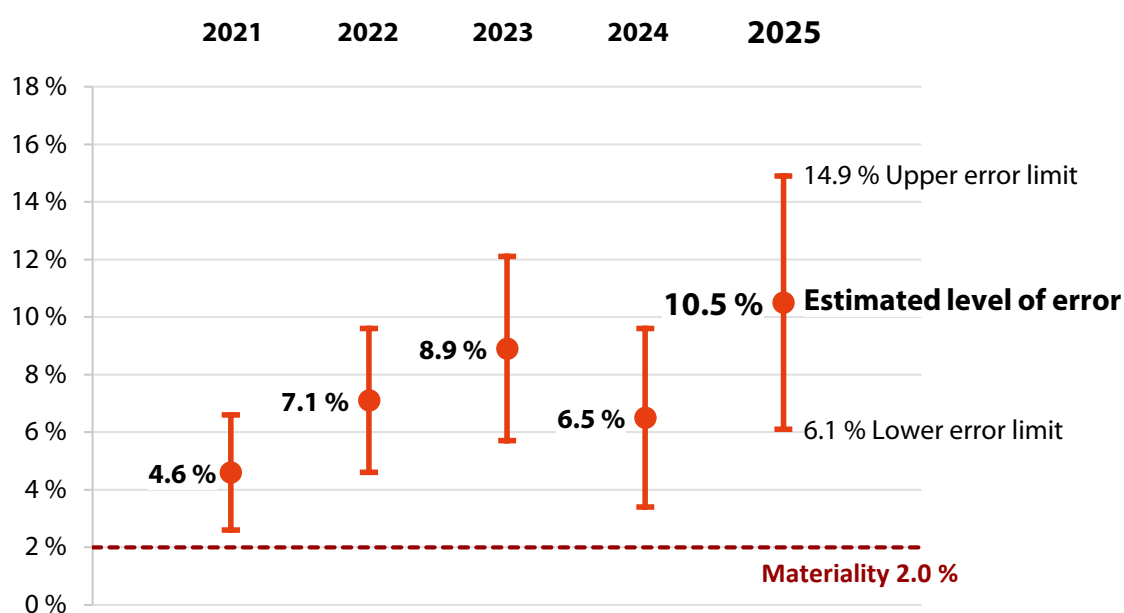
Revenue transactions did not contain a material level of error.

EDF payment transactions were affected by a material level of error. Based on our transaction testing, we estimate the level of error to be 10.5 %.

Information in support of the statement of assurance

Of the 85 transactions we examined, 47 (55.3 %) contained errors. On the basis of the 39 errors we have quantified, we estimate the level of error to be 10.5 % (see [Figure 29](#)).

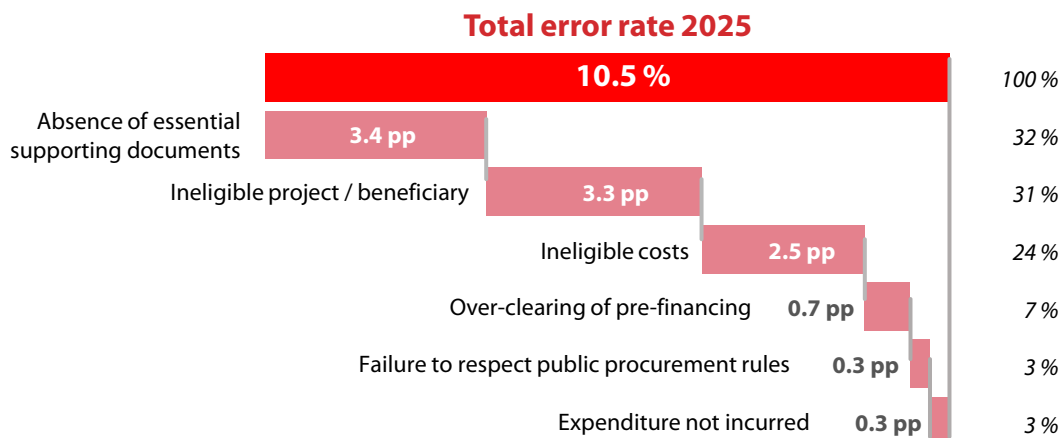
Figure 29 – Results of transaction testing



Source: ECA.

[Figure 30](#) gives a breakdown of our estimated level of error for 2025 by error type.

Figure 30 – Breakdown of estimated level of error, by error type



pp: percentage points

Source: ECA.

In 15 cases of quantifiable error, the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure. Had the Commission made proper use of all the information at its disposal, the estimated level of error would have been 6.1 percentage points lower.

Review of DG INTPA's 2025 annual activity report

The Director-General's declaration of assurance in DG INTPA's 2025 annual activity report does not include any reservations. There have been no reservations since 2019.

DG INTPA estimates the overall amount at risk at payment to be €69.2 million (1.12 % of 2025 expenditure) and the overall amount at risk at closure to be €60.2 million (0.97 % of 2025 expenditure). Of the amount at risk at payment, DG INTPA estimates, based on average historical data, that €9.0 million (13.0 %) will be corrected by its checks in subsequent years (this amount is known as the 'corrective capacity'). The Commission reported €15.7 million as having actually been recovered in 2025. Having tested 78.3 % of this amount (€12.3 million), we found that €0.4 million should not have been reported as implemented corrective capacity.

2025 residual error rate study

In 2025, DG INTPA had its 14th residual error rate study carried out by an external contractor. The purpose of the study is to estimate the rate of those errors that have evaded all DG INTPA management checks across its entire area of responsibility, in order to conclude on the effectiveness of those checks.

In 2025, the Commission applied a new residual error rate methodology for the first time. The new methodology introduces changes, inter alia, to clarify the way high-value items are dealt with and restricts the possibility of relying entirely on the results of management checks and other auditors' work to 10 % of the transactions tested. However, some shortcomings persist, for example, the residual error rate study focuses only on closed contracts whereas most DG INTPA payments (and ECA audited transactions) are for ongoing contracts.

Assessment of project achievements during our audit visits

As part of our audit visits, we also assessed the achievement of projects that were either completed or close to completion. Our assessment included a review of output and outcome indicators, as well as project results.

The results of our checks varied. In some cases, funding had been used effectively and contributed to the achievement of project objectives.



However, as in previous years, we also identified cases in which EU projects had failed to achieve their intended results. In particular, we observed delays in implementation, weaknesses in planning and design, and shortcomings in works quality, including signs of early deterioration. These issues raise concerns about the effectiveness and sustainability of EU support, as well as the quality of project oversight.

What we recommend

We recommend that the Commission:

- complete the closure of the 9th EDF;
- ensure the quality of contractual expenditure verification reports; and
- strengthen financial reporting requirements for pillar-assessed entities.



Want to know more? The full text on the report of the activities funded by the 9th, 10th and 11th European Development Funds for 2025 can be found on our website (eca.europa.eu).

Background information

The European Court of Auditors and its work

The ECA is the independent external auditor of the EU. We are based in Luxembourg and employ around 900 staff of all EU nationalities. Our mission is to contribute to improving EU administration and financial management and to promote accountability and transparency, and act as the independent guardian of the financial interests of EU citizens. Our audit reports and opinions are an essential element in the EU accountability chain. They are used to hold to account those responsible for implementing EU policies and programmes: the Commission, other EU institutions and bodies, and administrations in member states. We warn of risks, provide assurance, indicate shortcomings and good practice, and offer guidance to EU policymakers and legislators on how to improve the management of EU policies and programmes. Through our work, we ensure that the EU citizens know how their money is being spent.

Our output

We produce:

- annual reports, mainly containing the results of financial and compliance audit work on the EU budget and the European Development Funds, but also on budgetary management and performance aspects;
- special reports, presenting the results of selected audits on specific policy or spending areas, or on budgetary or management issues;
- specific annual reports on the EU's agencies, decentralised bodies and joint undertakings;
- opinions on new or updated laws with a significant impact on financial management – either at the request of another institution or on our own initiative;
- reviews, providing a description of, or information about, policies, systems, instruments or more focused topics.



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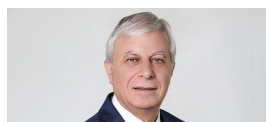
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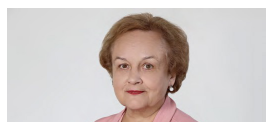
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Romania



Pierre MOSCOVICI
France



Daniel CASPARY
Germany

Note: As at July 2026.

Audit approach for our statement of assurance – at a glance

The opinions in our statement of assurance are based on objective evidence obtained from audit testing in accordance with international auditing standards.

As stated in our 2026–2030 strategy, we will be proactive and follow changes in the 2028+ MFF closely, allowing us to develop and adapt our assurance audit approach to provide relevant and timely reports and audit opinions, based on our Treaty mandate and in full accordance with international public-sector audit standards.

Reliability of the accounts

Do the EU annual accounts provide complete and accurate information?

Hundreds of thousands of accounting entries are generated by Commission directorates-general each year, taking information from many different sources (including member states). We check that accounting processes work properly and that the resulting accounting data is complete, correctly recorded and properly presented in the EU's financial statements.

- We evaluate the accounting system to ensure it provides a good basis for producing reliable data.
- We assess key accounting procedures to ensure they function correctly.
- We perform analytical checks of accounting data to ensure it is presented consistently and appears reasonable.
- We directly check a sample of accounting entries to ensure the underlying transactions exist and are accurately recorded.
- We check financial statements to ensure they present the financial situation fairly.

Regularity of transactions

Do the income and expensed payment transactions underlying the EU accounts comply with the rules?

The EU budget involves millions of payments to beneficiaries, both in the EU and in the rest of the world. The bulk of this spending is managed by member states. To obtain the evidence we need, we assess the systems by which income and expensed payments (i.e. final payments and clearing of advances) are administered and checked, and we examine a sample of transactions.

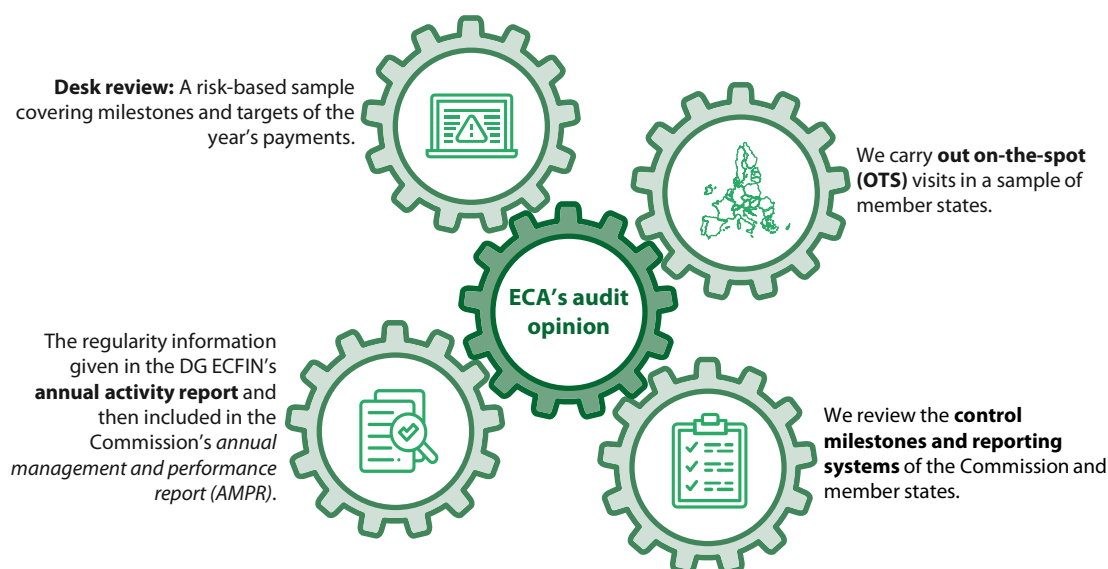
Where the terms of the relevant international auditing standards have been met, we review and re-perform the checks and controls carried out by those responsible for implementing the EU budget. We thus take full account of any corrective measures taken on the basis of these checks.

- We assess the systems for revenue and expenditure to determine their effectiveness in making sure transactions are regular.
- We take statistical samples of transactions to provide a basis for detailed testing by our auditors. We examine the sampled transactions in detail, including at the premises of final recipients (e.g. farmers, research institutes or companies providing publicly procured works or services), to obtain evidence that each underlying event exists, is properly recorded and complies with the rules for making payments.
- We analyse errors and classify them as either quantifiable or not. Transactions are affected by quantifiable error if, based on the rules, the payment should not have been authorised. We extrapolate the quantifiable errors to obtain an estimated level of error for each area in which we make a specific assessment. We then compare the estimated level of error against a materiality threshold of 2 % and assess whether the errors are pervasive.
- Our opinions take account of these assessments and of other relevant information, such as annual activity reports and reports by other external auditors.
- We discuss all our findings both with the authorities in the member states and with the Commission to confirm our facts are correct.

What is our audit approach and methodology for the statement of assurance on the regularity of RRF expenditure?

- We issue a separate opinion on the regularity of the RRF expenditure as part of our statement of assurance on the EU budget. This is because we consider the RRF delivery model to be different and a temporary instrument. With this opinion, we aim to provide reasonable assurance on the payments, and provide detailed information based on this opinion in the statement of assurance (see [Figure 31](#)).
- We derive most of our assurance from substantive testing and the assessment of the supervisory and control systems. Our assurance is complemented by the annual activity reports, the AMPR and the reports of the Internal Audit Service.
- Our work conforms to international audit standards and ensures that our audit opinions are supported by sufficient and appropriate audit evidence.

Figure 31 – Audit opinion



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A word on the '2025 EU audit in brief'

The '2025 EU audit in brief' provides an overview of our 2025 annual reports on the EU's general budget and the European Development Fund, in which we present our statement of assurance as to the reliability of the accounts and the legality and regularity of the transactions underlying them. We also covered the Recovery and Resilience Facility and provide a separate opinion on the legality and regularity of its expenditure. The EU audit in brief also outlines our key findings regarding revenue and the main areas of spending under the EU budget and the European Development Fund, as well as findings relating to budgetary and financial management.

The full texts of the reports may be found at eca.europa.eu.

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