ECA 2025 annual report – Glossary

Term	Explanation
ABAC	The Commission's electronic system for managing its budgetary and accounting operations.
Absorption	Receipt by a member state of EU funding, once the conditions for payment have been met.
Accrual-based accounting	Accounting approach that recognises income when it is earned (rather than received) and expenses when they are incurred (rather than paid).
Acquis	The body of all EU law, comprising legislation, court decisions and other legal acts.
Act in Support of Ammunition Production (ASAP)	EU regulation to increase ammunition production capacity across the EU.
Additionality	Principle that EU funding must supplement national spending rather than replacing it.
Agricultural factor income	Income from farming, broken down into its constituent parts (land, labour and capital).
Agri-environment-climate commitment	Any one of a set of optional practices going beyond the usual environmental requirements and entitling farmers to payment from the EU budget.
Annual activity report (AAR)	Report produced by each Commission directorate-general, EU institution and body, setting out how it has performed in relation to its objectives, and how it has used its financial and human resources.
Annual borrowing decision	Formal Commission decision setting a ceiling on planned EU borrowing on the financial markets for a one-year period.

Term	Explanation
Annual control report (ACR)	Document prepared by an audit authority and submitted to the Commission as part of a member state's annual assurance package.
Annual implementation report (AIR)	Report submitted to the Commission by a member state, setting out financial data, indicators, milestones and targets for all EU spending programmes.
Annual management and performance report (AMPR)	Report produced by the Commission on its management of the EU budget and the results achieved, summarising the information in the annual activity reports of its directorates-general and executive agencies.
Annual performance report (APR)	Report submitted to the Commission by a member state on the implementation of its CAP strategic plan.
Annuality	Budgetary principle by which the budget must be raised and spent within the financial year to which it pertains.
Apiculture	Science and practice of beekeeping.
Appropriation	Amount set aside in a budget for a specific purpose. The EU budget comprises commitment and payment appropriations.
Arachne database	Data mining tool developed by the Commission to support managing authorities in the administration and management of many EU funds.
Area monitoring system (AMS)	Technology for the systematic observation, tracking and assessment of agricultural activities using satellite data.
Assigned revenue	Funds paid into the EU budget from sources listed in Article 21 of the Financial Regulation, and which can only be used for a defined purpose.

Term	Explanation
Assurance engagement	Type of audit leading to an opinion on the subject matter of the audit such as the reliability of a set of financial statements or the regularity of transactions.
Assurance package	Set of documents which a member state submits to the Commission in respect of the ESI funds, comprising the annual accounts, summary, control report, management declaration and audit opinion.
Asylum	Protection granted by a state to people from another country who are fleeing persecution or serious danger.
Asylum, Migration and Integration Fund (AMIF)	EU fund to support the development of a common asylum and migration policy among the member states, including measures to improve migration management.
Attestation	The approach used when providing audit assurance on financial information, other data or specific assertions prepared by the auditee.
Audit authority (AA)	Independent national entity responsible for auditing the systems and operations of an EU spending programme.
Audit trail	Record of the movement of data within an accounting or administrative system, allowing individual transactions to be traced.
Authorising officer	Person responsible for implementing an EU body's revenue and expenditure.
Basic income support for sustainability (BISS)	Annual direct payment made to farmers per declared eligible hectare of land, not linked to production. Replaced the basic payment scheme in 2023.
Basic payment scheme (BPS)	Former EU agricultural scheme which made payments to farmers based on eligible land area. Superseded by basic income support for sustainability.

Term	Explanation
Balancing	Process by which a member state combines its estimates of plastic packaging waste generated, arrived at using two different methods, to calculate its contribution for the EU's plastics own resource.
Balancing own resource	Additional source of revenue to balance EU budget revenue and expenditure.
Better regulation	Concept that guides EU policy and law-making, based on the principles that regulation should achieve its objectives at minimum cost and be designed in a transparent, evidence-based manner with citizen and stakeholder involvement.
Bêkou Trust Fund	EU trust fund to support the stabilisation and reconstruction of the Central African Republic.
Beneficiary	Natural or legal person receiving a grant or loan from the EU budget to implement a project or programme.
Brexit Adjustment Reserve	Fund to help the member states, regions and industries most affected by the UK's withdrawal from the EU to deal with its adverse consequences.
Bridging facility	Instrument ensuring continuity of financing from one EU funding scheme to the next.
Budget support	Direct transfer of EU aid to the national treasury of a partner country, subject to certain conditions.
Budgetary authority	Term used to refer to the European Parliament and the Council of the European Union when exercising their decision-making powers on EU budgetary matters.
Budgetary guarantee	Commitment to use the EU budget to compensate for any losses incurred if a beneficiary fails to meet its obligations in relation to a loan or equity investment.

Term	Explanation
Candidate country	Country whose application for EU membership has been formally recognised by the European Council.
CAP strategic plan	Document drawn up by an EU member state under the post-2020 common agricultural policy, setting out how it intends to achieve its goals within the policy's overall objectives.
Carry-over	Transfer of unused budget appropriations from one financial year to the next, subject to certain conditions.
Certificate on the financial statements (CFS)	Document certifying the eligibility of costs claimed by beneficiaries in their payment requests.
Certification body	For agricultural spending, a public or private entity designated by the member state to certify the reliability of an accredited paying agency's annual accounts and the legality and regularity of the underlying transactions.
Certifying authority (CA)	Body designated by a member state to certify the accuracy and conformity of statements of expenditure and requests for payment.
Checks by monitoring	Use of satellite data to provide regular observations of agricultural activity and identify potential non-compliance by farmers with direct payment scheme rules.
Citizens, Equality, Rights and Values (CERV)	Programme that protects and promotes the rights and values of individuals and encourages democratic participation, notably through support for non-governmental organisations.
Clearance of accounts	Annual process by which the Commission accepts the amounts requested for payment by implementing bodies and partners, following checks.

Term	Explanation
Clearing (of pre-financing)	Process by which the Commission accepts pre-financed expenditure and establishes how much funding remains payable to the beneficiary.
Climate mainstreaming	Incorporating climate-related considerations in all policies, instruments, programmes and funds.
Closure	Financial settlement of an EU programme or fund, through payment of the balance due to, or the recovery of funds from, a member state or other beneficiary country.
Cohesion country	EU member state that is eligible for support from the Cohesion Fund.
Cohesion Fund (CF)	EU fund for reducing economic and social disparities in the EU by funding environment and transport investments in member states where the gross national income per inhabitant is less than 90 % of the EU average.
Cohesion's Action for Refugees in Europe (CARE)	Mechanism for reallocating funding quickly so that member states and regions can provide emergency support to people fleeing the war in Ukraine.
Commitment	Amount earmarked in the budget to finance a specific item of expenditure, such as a contract or grant agreement. A commitment requires an underlying commitment appropriation.
Commitment appropriation	Annual ceiling on the amounts available in the EU budget for specific items of expenditure.
Common agricultural policy (CAP)	The EU's single unified policy on agriculture, comprising subsidies and a range of other measures to guarantee food security, ensure a fair standard of living for the EU's farmers, promote rural development and protect the environment.

Term	Explanation
Common Audit Service (CAS)	Commission department responsible for the *ex post* audit of projects financed under the EU's research and innovation framework programmes.
Common fisheries policy	The EU's framework for managing fish and fishing, designed to ensure sustainable fish stocks and a stable income for the fishing community.
Common monitoring and evaluation framework (CMEF)	Rules and procedures for evaluating the performance of the common agricultural policy.
Common provisioning fund (CPF)	Fund covering potential liabilities arising from financial instruments, budgetary guarantees and financial assistance.
Common Provisions Regulation (CPR)	Regulation setting out the rules that apply to all five of the European Structural and Investment Funds.
Common risk management framework (CRMF)	Framework for customs controls by member states, based on the exchange of risk information and analysis among customs administrations.
Common security and defence policy (CSDP)	The part of EU foreign policy that focuses on security and defence capacity.
Complementary redistributive income support for sustainability (CRISS)	Additional direct payment made for the first few hectares of eligible land declared by farmers who are entitled to basic income support for sustainability, with the aim of redistributing income support from larger to smaller or medium-sized farms.
Compliance audit	Audit to determine, through the collection of evidence, whether an activity adheres to the applicable rules and regulations and the terms of any contracts or agreements.
Confidence interval	Statistical measure of the precision of the results of sampling, used when estimating an error rate.

Term	Explanation
Conformity clearance	Process whereby the Commission audits whether a member state has made correct use of the funds at its disposal and has operated its management and control systems effectively.
Connecting Europe Facility (CEF)	EU instrument providing financial support for the creation of sustainable interconnected infrastructure in the energy, transport, and information and communication technology sectors.
Consolidated accounts	Single document aggregating the accounts of all the EU institutions, agencies and bodies.
Contingent liability	Payment obligation that may be incurred depending on the outcome of a future event.
Contradictory procedure	Procedure in which the Commission discusses the results of its control checks with the body or department checked to ensure they are well founded.
Contribution agreement	Contract between the Commission and another international organisation for the implementation of funds under indirect management.
Control milestone	Specific requirement, relating to a member state's audit and control systems, which must be met before the country can receive RRF funding.
Convergence	Process by which member states wanting to adopt the euro work towards meeting specific economic and regulatory criteria.
Coordination Committee for the European Structural and Investment Funds	Committee at the Commission with a mandate to discuss implementation of the regulations governing the European structural and investment funds.
Coronavirus Response Investment Initiative (CRII)	Package of measures to allow flexible use of the European structural and investment funds in response to the COVID-19 outbreak.

Term	Explanation
Corrective capacity	Measure used by the Commission when estimating the level of future corrections.
Cotonou Agreement	Treaty between the EU, its member states and the African, Caribbean and Pacific states, promoting economic, social and cultural development, peace and security, and a stable and democratic political environment.
Council implementing decision	Document by which, based on an assessment from the Commission, the Council approves a member state's recovery and resilience plan.
Coupled (income) support	Annual direct payment per eligible animal or hectare of land, made to farmers in specific sectors to address difficulties caused by efforts to increase competitiveness, sustainability or quality.
Coupon payment	Payment of the interest contractually due on a bond or other debt instrument.
Creative Europe	EU programme to support the cultural and creative sectors.
Cross-compliance	Mechanism whereby payments to farmers are dependent on their meeting requirements linked to the environment, food safety, animal health and welfare, and land management.
Crowding-in	Economic effect whereby a rise in government spending leads to an increase in private investment and growth.
Crowding-out	Economic effect whereby a rise in government spending leads to a fall in private investment.
Cumulative residual risk	Expenditure which remains irregular at the end of a programming period once all corrective measures have been taken.

Term	Explanation
Customs Control Equipment Instrument	Part of the Integrated Border Management Fund that supports the purchase, maintenance and upgrade of equipment used for customs checks.
Customs gap	Difference between the import duty that, theoretically, should have been collected for the economy as a whole and the amount actually collected.
De minimis state aid	Amount of state aid below which no Commission approval is necessary.
Decentralised agency	Independent EU body established for an indefinite period, as a centre of expertise, to perform tasks contributing to the development and implementation of an EU policy.
Declaration of assurance	Declaration by a Commission director-general, in their annual activity report, on the completeness and accuracy of the accounts, the legality and regularity of the transactions underlying them, the functioning of internal control systems, and adherence to the principles of sound financial management.
Decommitment	Cancellation by the Commission of all or part of an unused commitment.
Decoupled (income) support	EU payments to farmers which are not tied to the production of a specific product.
Deflator	Statistical tool used to adjust historical prices to take account of later inflation so that prices can be compared over time.
Delegated regulation	Legally binding act used by the Commission to supplement or amend non-essential parts of EU legislation, for example by giving details of implementing measures.
Delegation agreement	Agreement between the Commission and an individual or entity for the implementation of EU funds under indirect management.

Term	Explanation
Detection risk	Risk that audit testing will fail to detect an error or a weakness.
Direct aid / direct payment	Support, mainly area-related aid, paid directly to farmers under the European Agricultural Guarantee Fund.
Direct costs	Expenses incurred by a beneficiary which are linked specifically to an EU project or action.
Direct management	Management of an EU fund or programme by the Commission alone, as opposed to shared management or indirect management.
Direct verification	Check carried out on certain aspects of a member state's gross national income compilation in the context of an information visit.
Disbursement profile	Amount and timing of payments.
Disbursement rate	Percentage of the total funds disbursed from a financial instrument to final recipients.
Discard	Unwanted fish disposed of in the sea.
Discharge	Annual decision taken by the European Parliament giving the Commission final approval for the way a budget has been implemented.
Diversified funding strategy	EU financing method that combines a range of funding instruments and techniques with clear communication with financial markets and structured relationships with banks.
Do no significant harm	Principle that investment measures should have no major detrimental environmental impact.
Draft amending budget	Proposal made by the Commission to modify the EU budget in the course of implementation.

Term	Explanation
Economic operator	Individual or entity that provides a product or service in exchange for payment.
Economic result	Result for the year, as presented in the EU's consolidated accounts, representing the difference between revenue and expenditure.
Economy	Making resources available in due time, in the appropriate quantity and quality, and at the best price.
Eco-scheme	Direct payment scheme, introduced in proposals for the post-2020 common agricultural policy, to fund farmers committed to climate and environmentally friendly agricultural practices.
Effective interest rate / Annual equivalent rate (AER)	Annualised interest rate calculated for comparison purposes on a loan or financial product where interest is accrued at intervals shorter than a year.
Effectiveness	Extent to which the objectives pursued are achieved through the activities undertaken.
Effective provisioning rate	Proportion of potential liabilities that must be covered by the common provisioning fund.
Efficiency	Best relationship between the resources employed, the activities undertaken and the achievement of objectives.
eGrants	Commission's online platform for managing EU research grants throughout their lifecycle.
(EIB) external lending mandate	Authority given to the EIB to engage in financing operations in partner countries, with a guarantee from the EU budget.
EIB Group	European Investment Bank and European Investment Fund.

Term	Explanation
Emergency Support Instrument (ESI)	Financial instrument directly managed by the Commission and used to provide support within the EU in the event of a severe crisis or disaster.
Emissions trading system (ETS)	Market mechanism that allows organisations emitting greenhouse gases to buy and sell emissions allowances.
Equity investment	Money invested in a company in return for an ownership interest and a share of the profits.
Erasmus+	EU programme to support education, training, youth and sport in Europe, chiefly by giving university students the opportunity to study and gain experience abroad.
Erasmus+ Master Loan Guarantee Facility	Initiative run by the European Investment Fund on behalf of the European Commission, which guarantees loans for postgraduate study abroad, making it easier for students to obtain finance.
Error	Result of an incorrect calculation or an irregularity arising from non-compliance with legal and contractual requirements.
Establishment plan	Maximum number of available employment positions, by job category and pay grade, at an EU institution or body.
Estimated level of error	Statistical estimate of the level of error affecting a population, based on testing of a representative sample of transactions.
EU Customs Authority	Proposed decentralised agency whose responsibilities will include coordinating, at EU level, the risk assessment of goods entering the single market.
EU Customs Data Hub	Centralised set of customs IT systems that will replace the arrangements currently existing in member states.

Term	Explanation
EU Emergency Trust Fund for Africa	EU trust fund to support stability in the Sahel region (including the Lake Chad Basin), the Horn of Africa and North Africa and contribute to better management of migration by addressing its root causes.
EU trust fund (EUTF)	EU-administered fund that pools money from multiple sources to finance the international response to an emergency or ongoing crisis, generally in the developing world.
EU-13	The 13 member states which have joined the European Union since 2004 (Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia).
EU4Health	The EU's health action plan for 2021-2027.
EU Programme for Employment and Social Innovation (EaSI)	EU programme that supported the employment and social protection/inclusion objectives of the Europe 2020 strategy.
EURI Instrument	EU special instrument that may be used to finance unbudgeted borrowing costs for the European Union Recovery Instrument (more commonly known as NextGenerationEU).
Europe 2020 strategy	The EU's ten-year strategy, launched in 2010, to boost growth and create jobs.
European Agricultural Fund for Rural Development (EAFRD)	EU fund for financing the EU's contribution to rural development programmes.
European Agricultural Guarantee Fund (EAGF)	EU fund for financing direct payments to farmers and measures regulating or supporting agricultural markets.

Term	Explanation
European Banking Authority (EBA)	EU agency tasked with developing harmonised rules for financial institutions, promoting convergence of supervisory practices, and monitoring and advising on financial innovation and the transition to sustainable finance.
European Border and Coast Guard Agency (Frontex)	EU agency that supports member states and Schengen associated countries in managing the EU's external borders and fighting cross-border crime.
European Climate, Infrastructure and Environment Executive Agency (CINEA)	Executive agency managing various EU climate, infrastructure and environmental projects and programmes.
European Defence Fund (EDF)	EU fund supporting defence projects across the EU.
European Defence Industrial Development Programme (EDIDP)	EU initiative to support competitiveness and innovation in the defence industry.
European Development Fund (EDF)	EU fund, managed by the Commission outside the general budget, that provided development aid to the African, Caribbean and Pacific States, and to overseas countries and territories associated with the EU through member states.
European External Action Service (EEAS)	The EU's diplomatic service, responsible for implementing the common foreign and security policy.
European Fund for Strategic Investments (EFSI)	Support mechanism launched by the EIB and the Commission, as part of the Investment Plan for Europe, to mobilise private investment in projects of strategic importance for the EU.
European Geostationary Navigation Overlay Service (EGNOS)	Satellite-based system that enhances the signals of satellite navigation and positioning systems over Europe and makes them suitable for safety-critical applications such as aviation.

Term	Explanation
European Globalisation Adjustment Fund for Displaced Workers (EGF)	Fund established to support workers made redundant and self-employed persons whose activity has ceased because of long-term changes in world trade patterns.
European Health and Digital Executive Agency (HaDEA)	Executive agency managing various EU health and digitalisation projects and programmes.
European Investment Fund (EIF)	Specialist provider of risk finance to small and medium-sized enterprises across Europe. Part of the EIB Group.
European Maritime and Fisheries and Aquaculture Fund (EMFAF)	EU fund that supports the EU's common fisheries and maritime policies and agenda for international ocean governance.
European Research Council Executive Agency (ERCEA)	EU body in charge of running the European Research Council, the EU's main research funding organisation.
European Regional Development Fund (ERDF)	EU fund that strengthens economic and social cohesion in the EU by financing investments to reduce imbalances between regions.
European Social Fund (ESF)	EU fund for creating educational and employment opportunities and improving the situation of people at risk of poverty. Superseded by the European Social Fund Plus.
European Social Fund Plus (ESF+)	EU fund for employment, social, education and skills policies, including structural reforms in these areas. Preceded by the European Social Fund.
European Solidarity Reserve	EU special instrument that supports EU member states and accession countries in responding to major natural disasters and public health emergencies.

Term	Explanation
European structural and investment funds (ESIFs / ESI funds)	The five main EU funds which together supported economic development across the EU in the 2014-2020 period: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund.
European system of national and regional accounts	The EU's accounting framework for a systematic and detailed description of an economy.
European Union Agency for Asylum (EUAA)	EU body tasked with ensuring that member states apply EU asylum law correctly.
European Union Agency for Law Enforcement Cooperation (Europol)	EU body supporting member states in preventing and investigating terrorism, cybercrime and other forms of organised crime.
European Union Agency for Law Enforcement Training (CEPOL)	EU body that develops, implements and coordinates training for law enforcement officials.
European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)	EU agency responsible for the operational management of large-scale visa and travel information systems across the EU.
European Union Drugs Agency (EUDA)	EU agency providing expertise on various aspects of illegal drugs in the EU.
European Union Solidarity Fund	Instrument that supports EU member states and accession countries in responding to natural disasters and public health emergencies.
Ex post evaluation	Independent assessment of the effectiveness, efficiency, coherence, relevance and EU added value of a completed project or programme.
Executive agency	Organisation set up and managed by the Commission, for a limited period, to carry out specified tasks relating to EU programmes or projects on its behalf and under its responsibility.

Term	Explanation
External action	EU activity that consists in providing assistance to and developing relations with non-EU countries, including through multilateral agreements, as well as with regional or global organisations.
External border	Border, including airports and sea, lake or river ports, between an EU member state and a non-EU country.
Final recipient / recipient	Person or legal entity ultimately benefiting from an EU-funded activity initiated or carried out by a beneficiary of EU aid.
Financial and Administrative Framework Agreement (FAFA)	Agreement governing cooperation between the Commission and the UN on the Millennium Development Goals.
Financial correction	Measure to protect the budget from irregular or fraudulent expenditure by withdrawing or recovering funds to compensate for payments made in error to EU-backed projects or programmes.
Financial instrument / financial engineering instrument	Financial support from the EU budget in the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments.
Financial intermediary	Entity acting as a link between the fund manager of a financial instrument and the final recipients.
Financial Regulation	Main set of rules governing how the EU budget is set and used, and the associated processes such as internal control, reporting, audit and discharge.
Financial support to third parties	Mechanism, also known as “cascade funding”, whereby the primary beneficiaries of Horizon 2020 grants can further distribute funding to other organisations and undertakings.
Fishing pressure	Impact of fishing on fish populations.

Term	Explanation
Flexibility instrument	Source of funding for actions which cannot otherwise be funded without exceeding budgetary expenditure ceilings.
Flexible Assistance to Territories (FAST-CARE)	Extension to Cohesion's Action for Refugees in Europe (CARE) that provides additional support and flexibility in cohesion policy funding.
Focus area	Second-level EU rural development priority.
Fraud	Intentional and unlawful use of deception to gain material advantage by depriving another party of property or money.
Fund for European Aid to the Most Deprived (FEAD)	EU fund supporting member states' actions to provide food and other material assistance to the poorest in society.
Funding plan	Semi-annual Commission communication setting out the specific details of EU borrowing over the next six months, including the indicative amounts and timing of bond issues.
Galileo	The EU's global satellite-based navigation system.
General Block Exemption Regulation (GBER)	EU regulation permitting certain types of state aid measures without the need to notify the Commission.
General regime of conditionality	System under which a member state must adhere to the rule of law in order to receive EU funding.
Geospatial aid application (GSAA)	Online tool for submitting area-based claims for agricultural aid.
Geospatial application system (GSA)	System that allows beneficiaries to indicate visually the areas for which they are applying for aid. Integrated with the application system for animal-based aid where appropriate.

Term	Explanation
Gini coefficient	Measure of the degree of inequality in a statistical population, such as how far a country's wealth or income distribution deviates from a totally equal distribution.
GNI-based own resource	EU own resource paid directly by the member states based on their relative wealth as measured by gross national income. Varies according to the amount needed to balance the revenue side of the budget.
GNI inventory (GNII)	List of procedures, statistics and other elements used to calculate GNI.
GNI reservation	Notification of a change required to an aspect of the methodology a member state applies to compile its GNI figures.
GNI verification cycle	Verification of the statistical sources and methods used to calculate GNI over a given period.
Standards for good agricultural and environmental conditions of land (GAECs)	Set of requirements (defined by member states at national or regional level) on the protection of soil, water and biodiversity that farmers must meet in order to receive certain payments under the common agricultural policy
Good environmental status	High standard of health, biodiversity, productivity and long-term sustainability in seas and oceans.
Grant	EU budget support for the costs incurred by a beneficiary for an eligible project or programme, usually not repayable.
Greening	Adoption of agricultural practices which benefit the climate and the environment. Also commonly used to refer to the related EU support scheme.
Gross national income (GNI)	Standard measure of a country's wealth, based on income from domestic sources and abroad.

Term	Explanation
Headroom	Difference between the own resources required to finance the EU budget and the own resources ceiling, which is a higher amount up to which the Commission is entitled to request funds from member states to meet additional obligations such as those arising from EU debt.
Horizon 2020	The EU's research and innovation programme for the 2014-2020 period.
Horizon Europe	The EU's research and innovation programme for the 2021-2027 period.
Identification system for agricultural parcels (ISAP)	Database of agricultural land established and updated regularly by the member states on the basis of aerial or spatial orthoimagery, used for the payment of direct aid under the common agricultural policy and for eligibility checks on farmers' claims.
Impact	Long-term consequences of a completed project or programme, which may be socio-economic, environmental or financial.
Impact assessment	Analysis of the likely (*ex ante*) or actual (*ex post*) effects of a policy initiative or other course of action.
Indirect costs	Expenses, such as overheads or other administrative costs, incurred by a beneficiary which are not linked directly to an EU project or action.
Indirect management	Method of implementing the EU budget whereby the Commission entrusts implementation tasks to other entities (such as non-EU countries and international organisations).
Information visit	Commission visit to assess the compilation of a member state's gross national income and the quality of the underlying data, sometimes accompanied by experts from other member states.

Term	Explanation
Infringement procedure	Procedure whereby the Commission takes action against any EU member state that fails to meet its obligations under EU law.
Input	Financial, human, material, administrative or regulatory means used to implement a project or programme.
Instrument for Financial Support for Border Management and Visa Policy (BMVI)	Part of the Integrated Border Management Fund that supports the management of the EU's external borders by facilitating legitimate travel and preventing migratory and security risks.
Integrated administration and control system (IACS)	EU mechanism used by member states to manage and check payments made to farmers under the common agricultural policy.
Integrated Border Management Fund (IBMF)	EU fund providing support for border management and customs control equipment.
Integrated financial and accountability reporting (IFAR)	Set of reports prepared by the Commission on the EU budget and submitted to the Parliament and the Council each year for the discharge procedure. Comprises the annual management and performance report (AMPR), the EU's consolidated accounts, follow-up to the discharge and a long-term forecast for the EU budget.
Interim payment	Payment under an EU project or programme, made once the beneficiary has reached a milestone specified in the contract or grant agreement.
Intermediary body	Public or private body which administers EU funds under the responsibility or on behalf of a managing authority.
Internal Security Fund (ISF)	EU fund supporting police cooperation and action to prevent and combat crime.

Term	Explanation
Internal Security Fund – Borders and Visa (ISF-BV)	Component of the Internal Security Fund supporting EU border management in 2014-2020. Succeeded by the Instrument for Financial Support for Border Management and Visa Policy for 2021-2027.
Internal Security Fund – Police (ISF-P)	Component of the Internal Security Fund used to manage security and policing across the EU in 2014-2020. Funding continued in 2021-2027 as an integral part of the Internal Security Fund rather than a separate component.
International Council for the Exploration of the Sea (ICES)	Intergovernmental marine science organisation that works to advance and share scientific understanding of the condition and sustainable use of seas and oceans.
International Standards on Auditing (ISA(s))	Financial audit standards issued by the International Federation of Accountants.
International Thermonuclear Experimental Reactor (ITER)	International research project run as a partnership between the EU and several non-EU countries to demonstrate the scientific and technological feasibility of a full-scale fusion power reactor.
Interoperability	Ability of a system to communicate and work with other systems, including by exchanging data.
Inter-service consultation	Formal procedure whereby a Commission department seeks the advice or opinion of other departments on a proposal.
Intervention logic	Links between a proposal's objectives, planned inputs and activities, and intended results and impact.
InvestEU	Mechanism to mobilise private investment in projects of strategic importance for the EU. Succeeded the EFSI in 2021.
Irregularity	Infringement of EU (or relevant national) rules or contractual obligations.

Term	Explanation
Joint Assistance to Support Projects in European Regions (JASPERS)	Technical assistance partnership between the European Commission, European Investment Bank and European Bank for Reconstruction and Development, which provides independent advice to beneficiary countries on the preparation of projects to be considered for EU co-financing.
Joint undertaking (JU)	EU body established with public and/or private partners to carry out a project or activity in the area of research and technology.
Judgemental sampling	In contrast to statistical sampling, a procedure whereby the auditor exercises their discretion to select items from a population for audit testing in order to meet pre-determined criteria.
Just Transition Fund (JTF)	EU fund supporting the communities and regions most affected financially by the shift to a climate-neutral economy.
Just Transition Mechanism (JTM)	EU instrument promoting the move to a climate-neutral economy and supporting the communities and regions most affected financially by the transition.
Key performance indicator (KPI)	Quantifiable measure showing performance against key objectives.
Land parcel identification system (LPIS)	See “Identification system for agricultural parcels (ISAP)”.
Learning mobility	Studying or training in another country.
LIFE (programme)	Financial instrument supporting implementation of the EU's environmental and climate policy through co-financing of projects in member states.
Lump sum	Type of simplified cost option where payments are made in full rather than in instalments, for example to reimburse eligible costs if pre-defined activities and/or outputs have been completed.

Term	Explanation
Macro-financial assistance (MFA)	Form of financial aid the EU gives to partner countries experiencing balance-of-payments or budgetary difficulties.
Mainstreaming	Systematically taking account of specific priorities (e.g. gender equality, climate protection) in all policy-making and implementation.
Major project	EU-funded project with a total eligible cost exceeding €50 million in a sector such as transport, environment and energy.
Management and control system	Structure within which control activities take place for EU spending programmes.
Managing authority (MA)	National, regional or local authority (public or private) designated by a member state to manage an EU-funded programme.
Marine protected area	Area of sea designated, by law or otherwise, for the protection and maintenance of biodiversity, natural resources and cultural heritage sites.
Market measure	Public intervention in the agricultural markets to mitigate the effects of price falls and structural difficulties through sector-specific support (e.g. fruit and vegetables, wine, school milk).
Materiality threshold	Level above which errors detected in an audited population or set of financial statements are considered to affect accuracy and reliability.
Maximum aid intensity	Total amount of support that can be paid to a funding area, expressed as a percentage of eligible costs. Varies by programme and depends on factors such as geographical location.
Metadata	Data that defines and describes other data.

Term	Explanation
Milestone	Qualitative measure of a member state's progress towards completing a reform or investment in its recovery and resilience plan.
Moderate or emerging innovator countries (MEICs)	Classification used for member states with either 70-100 % (moderate) or below 70 % (emerging) of the EU average score on the European Innovation Scoreboard.
Monetary unit sampling (MUS)	Statistical sampling method in which the chance of a particular transaction being selected is proportional to its size.
Most economically advantageous tender (MEAT)	In public procurement, bid offering the best value for money.
Multiannual financial framework (MFF)	The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for seven years. Provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure.
Multiplier effect	Where a given change in a particular input, such as EU investments or guarantees, causes a larger change in an output, such as total investment.
National coordination centre (NCC)	Body that coordinates activities among member states' border surveillance authorities and serves as a hub for them to exchange information with each other and with Frontex.
National promotional bank or institution	Financial institution set up by government to provide financing for economic development.
National recovery and resilience plan (NRRP)	Document setting out a member state's intended reforms and investments under the Recovery and Resilience Facility.
NEET	Person who is not in employment, education or training.

Term	Explanation
Negotiated procurement procedure	Public procurement procedure, involving a restricted number of bidders, in which the purchaser can negotiate the contract terms.
Negotiation chapter	One of the focus areas of the *acquis* in the context of accession negotiations with candidate countries.
Neighbourhood Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe)	EU programme under the 2021-2027 multiannual financial framework that combines several external action instruments into one.
Net financial correction	Financial correction whereby a member state has to repay irregular expenditure to the EU budget, meaning that amount is deducted permanently from its EU funding allocation.
NextGenerationEU (NGEU)	Funding package to help EU member states recover from the economic and social impact of the COVID-19 pandemic.
No creditor worse off	Principle whereby no creditor should incur greater losses than would have been incurred if a failing financial institution had been wound up under normal insolvency proceedings instead of under a resolution procedure.
Non-recycled plastic packaging waste-based own resource	EU own resource calculated by applying a unitary value per tonne of unrecycled plastic packaging waste generated by each member state.
Non-mobilisable reserve	Decommitted resources from the European Development Funds that can only be reused, with unanimous Council approval, for specific purposes, failing which they are returned to the member states.
Non-repayable support	Financing that does not need to be paid back.

Term	Explanation
Notional approach	Approach used by the Commission for multi-donor projects where the EU contribution is pooled with money from other donors and not earmarked for specific items of expenditure. EU cost eligibility requirements are considered to be met as long as the contributions from all other donors are sufficient to cover all expenditure deemed ineligible under EU rules.
Omnibus Regulation	2018 revision of the Financial Regulation, amending and simplifying the EU's financial rules and budgetary management.
Operational programme (OP)	Framework for implementing EU-funded operations in line with the priorities and objectives laid down in a partnership agreement between the Commission and the member state concerned.
Orthophoto	Aerial photograph compensating for elevation, tilt and surface topography to ensure the accuracy of distance measurements.
Output	Something produced or achieved by a project, such as delivery of a training course or construction of a road.
Outstanding commitments	Sum of commitments made but not yet translated into payments.
Overseas Association Decision	Decision establishing a partnership between the EU and its overseas countries and territories in order to support their sustainable development and promote the EU’s values and standards.
Overseas countries and territories (OCTs)	Countries and territories that are not part of the EU but are linked constitutionally to a member state.
Own resources	Funds used to finance the EU budget.

Term	Explanation
Pari passu	Principle that, in an insolvency process, the assets remaining for distribution among unsecured creditors are shared in proportion to the debts due to each creditor.
Partnership agreement	Agreement between the Commission and a member state or one or more non-EU countries in the context of an EU spending programme, setting out, for example, strategic plans, investment priorities or the terms of trade or development aid provision.
Paying agency (PA)	Body appointed by a member state to administer EU agricultural spending.
Payment appropriation	Amount available to make a payment once the corresponding conditions have been met.
Payment entitlement	Transferable right that entitles an active farmer to EU support, when declared together with eligible agricultural land.
Performance	Measure of how well an EU-funded action, project or programme has met its objectives and provides value for money.
Performance clearance procedure	Process the Commission uses to check that CAP strategic plan expenditure declared by member states is matched by reported outputs. Discontinued after the 2025 financial year.
Performance reserve	Amount of the budget allocated to European Structural and Investment Fund spending which is retained until certain targets are met.
Permanent grassland	Agricultural land on which grasses or other herbaceous forage crops are grown for more than five consecutive years.
Personal protective equipment (PPE)	Items, such as face masks, gloves and eye protection, that are designed to protect the wearer against health or safety risks.

Term	Explanation
Pillar assessment	Commission assessment of the rules and procedures applied by partner organisations under indirect management to ensure the EU's financial interests are protected to the same level as under direct management.
Post-release customs checks / post-release controls	Customs checks applied after goods have been released by the customs authorities.
Potential candidate	Country or territory which has a clear prospect of joining the EU in the future but has not yet been granted candidate country status.
Pre-financing payment	Cash advance to fund defined activities in a given period.
Priority axis	Key objective of an operational programme, divided into one or more investment priorities.
Productive investment	Investment that generates a return on costs, whether financially or through increased productivity, employment, competitiveness or innovation.
Programme	Means by which specific EU policy objectives are delivered, generally through co-financed projects.
Programme authorities	Collective term for the managing, certifying and audit authorities in cohesion spending.
Programme countries (Erasmus+)	The EU member states, Iceland, Liechtenstein, Norway, Serbia, North Macedonia and Turkey.
Programme estimate	Document, drawn up by a partner country and endorsed by the European Commission, setting out what cooperation or development work is to be implemented, and what financial, human and material resources are required.

Term	Explanation
Programme performance overview (PPO)	Annex to the annual management and performance report summarising all programme statements, including a selection of programme indicators.
Programme performance statement (PPS)	Annex to the annual management and performance report containing an overview of the implementation and performance of all EU spending programmes.
Programme statement	Justification for the operational appropriations requested by the Commission for each spending programme in the draft annual budget, based on implementation in previous years measured through indicators.
Programming period	Period within which an EU spending programme is planned and implemented.
Provision	Accounting term for the best estimate of a likely future liability of uncertain timing or amount, recorded on the balance sheet.
Provisioning rate	Percentage of an authorised financial liability which must be reflected as a provision.
Public procurement	Purchase by a public body or other authority of goods, works or services.
Purchasing power	Value of a defined amount of money expressed in terms of the quantity of goods and services it can buy.
Quantifiable error	In reporting the results of transaction testing, a classification used by the ECA when the amount of a transaction affected by error can be measured.
REACT-EU	NextGenerationEU programme that provides additional funding for existing cohesion policy programmes to support crisis recovery while promoting green and digital transformation.

Term	Explanation
Recoverable VAT	VAT that a taxable person can deduct from the VAT payable to the tax authorities, on account of their having already paid this amount on their own purchases of goods and services.
Recovery and Resilience Facility (RRF)	The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic and stimulate recovery, and to meet the challenges of a greener and more digital future.
Recovery order	Document requiring the payment of an amount owed.
Register of exceptions	Document recording departures from established controls and procedures, including reasons and impact.
Regularity / Legality and regularity	Extent to which a transaction or activity complies with the applicable rules and regulations and any contractual obligations.
Remuneration	In contracts with pillar-assessed organisations, a flat-rate amount calculated as a percentage of eligible direct costs and covering expenses that, while not directly linked to EU-funded activities, arise from and are necessary for their implementation. Previously known as "indirect costs".
REPowerEU	EU initiative to end dependence on fossil fuels, diversify energy supplies and accelerate the clean energy transition.
Representative error rate	Statistical estimate of the error affecting an audit population, based on testing of a representative sample of transactions drawn from that population.
Representative statistical sampling	Application of statistical techniques to draw a sample which reflects the characteristics of the population from which is it taken.

Term	Explanation
Reservation	Weakness flagged by a director-general in the declaration of assurance they provide in an annual activity report.
Resettlement	Transfer of refugees from a country where they have applied for asylum to another country that has agreed to admit them and ultimately grant them permanent settlement.
Residual error rate / Residual risk rate / Residual total error rate (RER/RRR/RTER)	Proportion of a population that is not deemed regular after taking into account the effect of all control procedures, recoveries and corrections.
Restricted procurement procedure	Public procurement procedure in which only selected bidders may participate.
Result	Immediate effect of a project or programme upon its completion, such as the improved employability of course participants or improved accessibility following the construction of a new road.
Result indicator	Measurable variable providing information for assessing the immediate effects of supported projects on the targeted population.
Risk at payment	The Commission's best conservative estimate of the amount of expenditure during a given year that was not legal and regular at the time the payment was made, some of which it expects to detect and correct in subsequent years.
Rio marker	Indicator, defined by the OECD, of the extent to which an activity contributes to the objectives of the UN's three Rio conventions.
Rural development intervention	Rural development support measure with a set of eligibility conditions specified by a member state in its CAP strategic plan.
Rural development programme (RDP)	Set of national or regional multiannual objectives and actions, approved by the Commission, for the implementation of EU rural development policy.

Term	Explanation
Scientific, Technical and Economic Committee for Fisheries (STECF)	Body of experts appointed by the Commission to assist with implementation of the common fisheries policy.
Scope limitation	Indication in an audit report of any areas excluded from the audit opinion because the auditor was unable to reach a conclusion.
Secondary sale	Sale of shares by a stockholder to a new investor without a change in the overall company ownership.
Sensitive function/post	Job or position involving a considerable amount of autonomy or executive power that could be misused for personal financial or other gain.
Settlement	Payment of the balance due to, or the recovery of funds from, a member state, in order to close an EU programme.
Shared management	Method of spending the EU budget in which, in contrast to direct management, the Commission delegates to the member state while retaining ultimate responsibility.
Simplified cost option (SCO)	Approach for determining a grant amount using methods such as standard unit costs, flat-rate financing or lump sums rather than the actual costs incurred by the beneficiary.
Single area payment scheme (SAPS)	Area-related agricultural payments scheme that applied in certain member states on a transitional basis. Superseded by basic income support for sustainability.
Single audit	Control model based on the idea that, for the sake of efficiency, each level of control should build on work done by the preceding level, provided that work is reliable and accurate.

Term	Explanation
Single Margin Instrument	EU special instrument allowing the inclusion in the budget of unused appropriations from previous years or, as a last resort, from the current or future years.
Small and medium-sized enterprises (SMEs)	Size definition applied to companies and other organisations, based on the number of staff employed and certain financial criteria. Small enterprises have fewer than 50 staff, and turnover or a balance sheet total not exceeding €10 million. Medium-sized enterprises employ fewer than 250 staff, and have turnover up to €50 million or a balance sheet total up to €43 million.
SME Initiative	Joint Commission / European Investment Fund financial instrument whose purpose is to facilitate access to finance for small and medium-sized enterprises.
Solidarity and Emergency Aid Reserve (SEAR)	EU special instrument for responding to emergency situations arising from major natural disasters, public health crises and armed conflict.
Sound financial management	Management of resources in accordance with the principles of economy, efficiency and effectiveness.
Special instrument	Tool allowing the EU to mobilise additional funds in response to unforeseen events such as crises and emergencies.
Staff working document (SWD)	Non-binding Commission document produced for discussion, either internally or outside the institution.
Standard unit cost	Pre-defined price for a specified quantity of activities, inputs, outputs or results.
State aid	Direct or indirect government support for a business or organisation, putting it at an advantage over its competitors.

Term	Explanation
Statement of assurance (SoA)	Statement published in the ECA's annual report, setting out its audit opinions on the reliability of the EU accounts and the regularity of the transactions which underlie them.
Statistical sampling	Statistically based sampling technique used in audit testing to provide representative results.
Strategic Technologies for Europe Platform (STEP)	EU instrument for supporting industry and boosting investment in critical technologies.
Stratification	Method of sampling that involves dividing a population into smaller subgroups (strata) with shared characteristics .
Stress testing	Simulation to assess a financial institution's ability to withstand various crisis scenarios.
SUMMA	The Commission’s new financial management and accounting system in operation since the start of 2025, replacing ABAC.
Supervisory review and evaluation process (SREP)	Annual risk assessment of large banks under direct supervision by the ECB, focusing on: business model, internal governance, risks to capital, risks to liquidity.
Super milestone	In the case of Hungary or Poland, additional requirements relating to, for example, corruption, public procurement or judicial independence and decision-making, which must be met before the country can receive any RRF funding.
Support to mitigate Unemployment Risks in an Emergency (SURE)	EU lending scheme that supports job-retention measures in order to reduce unemployment and income loss resulting from the COVID-19 pandemic.

Term	Explanation
Sustainable development	Approach to development that takes account of long-term imperatives, such as durability of results, the preservation of the environment and natural resources, and social and economic equity.
Sustainable Development Goals	The 17 goals set in the United Nations 2030 Agenda for Sustainable Development to stimulate action by all countries in areas of critical importance for humanity and the planet.
Sustainable fishing	Fishing practices that do not deplete fish stocks, and that minimise environmental impact.
Target	Quantitative measure of a member state's progress towards completing a specific reform or an investment in its recovery and resilience plan.
Technical assistance	Financial support to help stakeholders implement EU-funded programmes and projects.
TOR open point	Reservation expressed by the Commission on the TOR data in a member state's revenue accounts.
Total allowable catch	Maximum that can be caught from a stock of fish each year under the common fisheries policy.
Traditional own resources (TOR)	EU revenue collected from customs duties and sugar levies.
Transaction	Operation recorded in the EU's accounts, such as a payment made or revenue received.
Trans-European network (TEN)	Network of cross-border transport, energy or telecommunications infrastructure established to support and enhance the functioning of the EU single market by facilitating the free movement of people, goods and services.

Term	Explanation
Transversal reservation	Type of GNI reservation concerning a cross-cutting issue and requiring a comparative analysis of the solutions adopted by member states.
Twinning	Mechanism for building capacity in specialised areas whereby a body in a partner country receives support from a counterpart in an EU member state.
Umbrella programme	European Neighbourhood Instrument programme under which funds are allocated to multiple countries that meet certain conditions, as a supplement to their basic financial allocations.
Union action	In the context of the Asylum, Migration and Integration Fund, a project involving multiple member states or of particular interest to the EU.
Union Civil Protection Mechanism (rescEU)	System to strengthen coordination and cooperation between the EU and its member states on preventing, preparing for and responding to natural and man-made disasters.
Union Customs Code	The main piece of EU customs legislation.
Ukraine Reserve	EU special instrument providing non-repayable support and budgetary guarantees that may be used to finance the Ukraine Facility.
Value added tax (VAT)	Indirect consumption tax on the production and distribution of goods and the provision of services, ultimately borne by the final consumer.
Value added tax-based / VAT-based own resource	EU own resource consisting of a defined share (call rate) of the VAT collected by each member state.
VAT base / VAT assessment base	Total value of goods and services to which VAT is applied.
VAT call rate / VAT call-in rate	Percentage applied to each member state's VAT assessment base to calculate the VAT-based own resource.

Term	Explanation
VAT reservation	Reservation on a member state's calculation of its VAT-based own resource.
Weighted average rate (WAR)	Percentage by which a member state's total VAT receipts are divided to calculate its VAT assessment base. Takes into account all VAT rates applicable in the member state, each rate being weighted in line with the share of the total value of taxable transactions to which it applies.
Youth Employment Initiative (YEI)	EU programme which supports young people not in employment, education or training in regions with a youth unemployment rate above 25 %.
Youth Guarantee	EU policy framework under which young people who become unemployed or leave formal education are offered employment or training opportunities within four months.