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REPORT FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF
AUDITORS**

Annual Management and Performance Report for the EU Budget – 2025 financial year

The *Annual Management and Performance Report for the EU Budget – 2025 financial year*, together with its annexes, is the European Commission's main contribution to the annual discharge procedure ⁽¹⁾ by which the European Parliament and the Council of the European Union monitor the implementation of the EU budget. It fulfils the Commission's obligations under the Treaty on the Functioning of the European Union ⁽²⁾ and the Financial Regulation ⁽³⁾. Implementing the EU budget is a shared responsibility, where the Commission works hand in hand with the Member States and with other partners and organisations.

The report is composed of three volumes.

- Volume I provides the key facts and achievements in relation to budgetary management in 2025.
- Volume II presents a more comprehensive overview of the implementation of the EU budget. Annex 1 provides an overview of the performance of the EU budget in 2025 in delivering the EU's priorities and systematically integrating horizontal policy priorities into the EU budget. Annex 2 provides a high-level overview of the internal control and financial management procedures. Annex 3 covers the performance and compliance aspects of the Recovery and Resilience Facility.
- Volume III contains technical annexes supporting the report. Annex 4 provides detailed programme-by-programme performance information in the 'programme performance statements'.

This report is part of the broader integrated financial and accountability reporting package ⁽⁴⁾, which also includes the consolidated annual accounts ⁽⁵⁾, a long-term forecast of future inflows and outflows covering the next five years ⁽⁶⁾, the report on internal audits ⁽⁷⁾ and the report on the follow-up to the discharge of the previous year ⁽⁸⁾.

(1) The annual discharge procedure is the procedure through which the Parliament and the Council give their final approval on the budget implementation for a specific year and hold the Commission politically accountable for the implementation of the EU budget (https://commission.europa.eu/strategy-and-policy/eu-budget/how-it-works/annual-lifecycle/assessment/discharge-procedure_en).

(2) Article 318 of the Treaty on the Functioning of the European Union (OJ C 202, 7.6.2016, p. 186, http://data.europa.eu/eli/treaty/tfeu_2016/art_318/oj).

(3) Article 253(1)(b) and (e) of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

(4) Article 253 of the Financial Regulation.

(5) Article 252 of the Financial Regulation.

(6) Article 253(1)(c) of the Financial Regulation.

(7) Article 118(8) of the Financial Regulation.

(8) Article 267(3) of the Financial Regulation.

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The EU budget: navigating crises, delivering results

Introduction

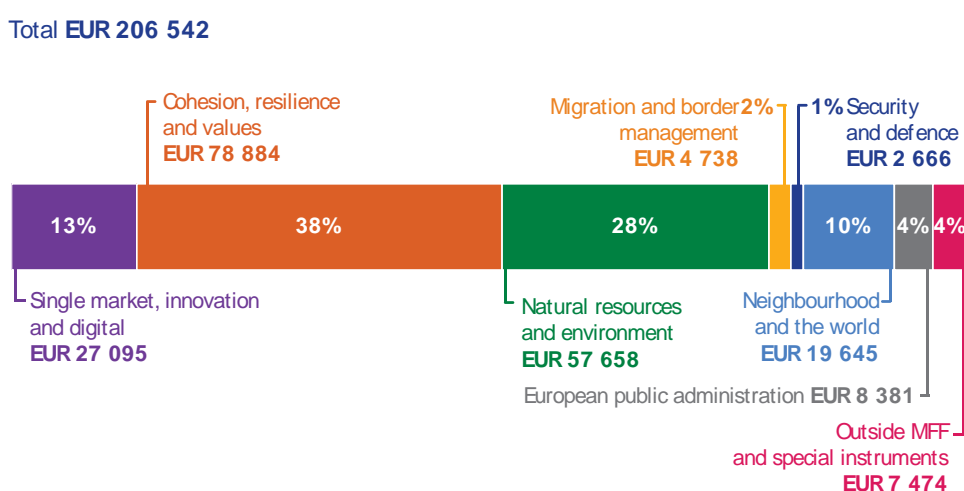
2025 was marked by geopolitical uncertainty, intensified economic competition, and deepening conflicts, including the illegal and continuing Russian war of aggression against Ukraine. It was also a transformational year for the European Union (EU). The EU redoubled its efforts to boost the competitiveness of the European economy, reduce strategic dependencies and step up cooperation on security and defence. At the same time, it continued to deliver for citizens and businesses by creating more opportunities and consolidating individual rights. Looking to the future, the European Commission adopted an ambitious proposal for a more streamlined, flexible and impactful [long-term budget for the years 2028-2034](#), drawing on the lessons learned from the current financial period (2021-2027).

In 2025, the EU budget helped to strengthen the EU's competitiveness by delivering support to key strategic sectors, investing in cross-border infrastructure, and boosting research and innovation. By doing so, it continued to support the livelihoods and well-being of EU citizens, providing support for job creation, skills building, education, housing, energy, infrastructure and other economic needs. The budget also contributed to upgrading defence capabilities and collaboration, while strengthening preparedness, resilience and the EU's capacity to respond to crises.

Moreover, the budget continued to underpin the EU's unwavering support for Ukraine, responding to its humanitarian, economic, and recovery and reconstruction needs, while ensuring proper accountability. It also played a major role in upholding the EU's interests and values on the global stage, providing humanitarian relief, supporting peace and security and reinforcing strategic partnerships.

The total commitment appropriations from the EU budget amounted to EUR 206.5 billion in 2025 ⁽⁹⁾.

Multiannual financial framework: 2025 EU budget commitment appropriations by budget heading, from the final adopted budget (EUR million)



Source: European Commission.

⁽⁹⁾ This amount includes EUR 190.9 billion from the final adopted budget; EUR 1.6 billion from appropriations carried over or made available again from 2024; and EUR 14.1 billion from appropriations stemming from assigned revenues (of which EUR 0.4 billion from NextGenerationEU).

Throughout the year, the limited flexibility in the EU budget was deployed to respond to crises and support new priorities. For example, in the context of the mid-term review of Cohesion policy, the Commission proposed and the co-legislators adopted a number of targeted regulatory amendments introducing greater flexibility and incentives to align cohesion policy investments with the Union's new priorities, notably defence and security, competitiveness and decarbonisation, housing, water resilience, energy transition and challenges facing Eastern border regions.

However, the number and size of unexpected challenges since the beginning of the 2021-2027 multiannual financial framework have overwhelmed the EU budget's limited flexibility, which has further diminished as budgetary implementation has progressed, leaving almost no unallocated funds with two years left in the current cycle. This is why the Commission has proposed a more agile long-term budget for the 2028-2034 period, capable of adapting as needs and priorities evolve, while continuing to provide the predictability necessary for long-term investment.

Proposal for the 2028-2034 multiannual financial framework

The EU budget ensures that the EU has the means to deliver on its priorities. In 2025, the Commission proposed a long-term budget for the years 2028-2034 that is ambitious in both size and design. It amounts to almost EUR 2 trillion (1.26% of the EU's gross national income), including about EUR 25 billion annually (0.11% of the EU's gross national income) for the repayment of the loans used to finance NextGenerationEU. It is simpler and more agile, with fewer programmes to reduce the risk of overlaps, along with harmonised rules and greater in-built flexibility. This modernised approach will allow for increased capacity to react to evolving circumstances and a stronger focus on performance and results.

The proposal is based on three main pillars:

- fostering the achievement of the EU's priorities at the local, regional and national levels with the new **national and regional partnership plans**, worth EUR 865 billion;
- delivering on a more competitive Europe through the **European Competitiveness Fund and Horizon Europe**, worth EUR 409 billion;
- building long-term, mutually beneficial partnerships with non-EU countries through the **Global Europe** instrument, worth EUR 200 billion.

The three main pillars are complemented by other programmes, including the EU's flagship programmes for infrastructure investment (the Connecting Europe Facility) and for investing in people and values (Erasmus+ and AgoraEU).

The proposal also provides for innovative financing via new own resources, to reduce pressure on national budgets. These new own resources include revenues from the EU emissions trading system, proceeds from the Carbon Border Adjustment Mechanism, a new own resource based on uncollected e-waste, a tobacco excise duty and a contribution from companies operating and selling in the EU with a net turnover of at least EUR 100 million.

Supporting the EU's competitiveness

Through the 2021-2027 long-term budget and NextGenerationEU, the EU has worked towards fostering innovation, decarbonising the economy and reducing dependencies, thereby aiming to boost its competitiveness and bolster economic security. The EU budget plays a key role in addressing the challenges

identified in the [Draghi report](#) and implementing the [competitiveness compass](#) ⁽¹⁰⁾. It does this by supporting investment and structural reforms to boost competitiveness, sustainability and skills, while also helping to address challenges identified in the country-specific recommendations under the European semester ⁽¹¹⁾.

For example, **Horizon Europe** committed EUR 12.9 billion to public and private beneficiaries in 2025 for research and innovation. By 2025, Horizon Europe's projects had produced over 22 500 peer-reviewed scientific publications, with more than 130 000 researchers involved in upskilling activities and producing over 10 000 innovative products, processes, methods and applications for intellectual property rights. By 2025, the programme had supported over 10 000 small and medium enterprises, including start-ups, fostering innovation in key areas, such as artificial intelligence and advanced materials. Under the European Innovation Council (EIC), over 770 small and medium enterprises and start-ups were funded between 2021-2025 by the EIC Accelerator, enabling the scale-up of deeptech and breakthrough innovations.

The **InvestEU** programme uses an EU budget guarantee to leverage investment by lowering risk for financial institutions and attracting private capital for projects in areas such as sustainable infrastructure, social investment and skills, small and medium-sized enterprises, and research, innovation and digitalisation. By the end of 2025, the volume of InvestEU guarantees totalled EUR 26.8 billion, helping to support 91 294 small and medium-sized enterprises and mobilising more than EUR 397 billion in investment between 2022 and 2025.

The **Innovation Fund** focuses on supporting and scaling up highly innovative technologies with significant potential to reduce greenhouse gas emissions. It has helped to support a range of innovative low- and zero-carbon processes and technologies in energy-intensive industries, energy storage, mobility and clean-tech manufacturing. The Innovation Fund has mobilised EUR 58 billion worth of investment, with EUR 11.7 billion of grants committed. In 2025, 83 projects focused on decarbonisation, 5 on vehicle battery manufacturing, and 6 on renewable hydrogen production signed their grant agreements.

The **single market programme**, with over EUR 610 million allocated for 2025, helps the single market reach its full potential. In 2025, it helped to safeguard the single market by supporting market surveillance authorities in the Member States, which detected 21 891 non-compliant products. It also supported the European Consumer Centre Network, which in 2025 provided personalised assistance to over 168 000 consumers, helping them to recover over EUR 11.25 million from non-compliant traders. In 2025, the programme also supported more than 808 000 small and medium enterprises directly or via advisory services through its SME pillar. It also supported standardisation, facilitating the implementation of 25 044 European standards across the EU.

The **Digital Europe programme** had committed more than EUR 6 billion by the end of 2025, financing 26 supercomputers which are among the fastest and greenest in the world, such as Jupiter, the fourth-fastest and one of the most energy-efficient supercomputers in the world. Digital Europe also financed training for over 60 000 people to help them acquire digital skills. Additionally, the programme funded the deployment of 14 common European data spaces, 166 European digital innovation hubs and five semiconductor pilot lines.

Cohesion policy also supported competitiveness. It is expected to contribute with an estimated EUR 214 billion to the objectives of the competitiveness compass by the end of the 2021-2027 period. This funding supports a range of European priorities, including broader topics such as innovation and decarbonisation. By the end of 2025, over 130 000 small- and medium-sized companies received support (in the form of grants, equity,

⁽¹⁰⁾ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions – A competitiveness compass for the EU, COM(2025) 30 final of 29 January 2025, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025DC0030>

⁽¹¹⁾ Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, 2026 European semester – Spring package, COM(2026) 200 final of 3 June 2026, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2026%3A200%3AFIN&qid=1780494235578>

guarantees, loans and advice) to grow and become more competitive, and nearly 32 000 companies received support for innovation.

On top of these **investments**, EUR 15.2 billion was reallocated to support EU competitiveness in the context of the mid-term review of cohesion policy, with investments in critical technologies and industries to reduce key vulnerabilities and technological dependencies on non-EU countries. Greater focus was also placed on the challenges faced by the Eastern border regions, with enhanced support provided in recognition of the socio-economic and security challenges they have encountered since the start of Russia's war of aggression against Ukraine.

Moreover, the **Just Transition Mechanism** targets decarbonisation and economic diversification in regions facing the socioeconomic effects of the climate transition. By the end of 2025, funding worth EUR 15.45 billion had reached over 2 000 businesses and financed the creation of nearly 270 megawatts of additional renewable energy capacity. In 2025, the mechanism provided grants and loans for public authorities to the amount of EUR 86 million from the EU budget, complemented by EUR 594 million in loans by the European Investment Bank.

The **Connecting Europe Facility** continued to support Europe's transport, energy and digital cross-border networks, which are instrumental to the continent's strategic autonomy. In 2025, it awarded EUR 3 billion to projects advancing a sustainable, intelligent, eco-friendly and resilient transport network, along with more than EUR 1 billion to 109 projects relating to charging and hydrogen-refuelling infrastructure, airport electrification, onshore power supply in ports and alternative fuels infrastructure for the maritime sector. Likewise, the facility awarded approximately EUR 650 million to 14 cross-border energy infrastructure projects. It provided EUR 389 million for submarine cables, 5G large-scale pilot projects and quantum communication projects.

The EU budget also supports mobility and cooperation in the fields of education, training, youth and sport via the **Erasmus+ programme**, which had a budget of EUR 4.3 billion for 2025. Besides contributing to achieving the European Education Area and initiatives under the Union of Skills, over 1.5 million learners and staff benefitted from an Erasmus+ mobility in 2025.

The EU also supports competitiveness through the LIFE programme. In 2025, it selected various new projects for funding, designating EUR 91.4 million for the energy transition, EUR 73 million for the circular economy and quality of life and over EUR 60 million for climate-change mitigation. Examples of these projects include an initiative to standardise heat-pump solutions for the food industry, new technologies for recycling end-of-life solar panels and the demonstration of technologies for producing and distributing green hydrogen locally for road transport.

The Strategic Technologies for Europe Platform

The Strategic Technologies for Europe Platform (STEP) was established in March 2024 as part of the midterm revision of the multiannual financial framework, with the objective of steering EU funding towards areas that are strategically important for the EU's competitiveness. The platform channels resources from selected EU funds and programmes to support the development of clean, digital and biotechnologies that are critical for the single market and the strategic autonomy of the EU. In 2025, the scope of STEP was extended to **include defence technologies**.

STEP is implemented across 11 EU funds and programmes: the digital Europe programme, the European Defence Fund, EU4health, Horizon Europe, the Innovation Fund, InvestEU, the Recovery and Resilience Facility, the Cohesion Fund, the European Regional Development Fund, the European Social Fund Plus and the Just Transition Fund.

Over almost two years of STEP implementation, these programmes have dedicated close to EUR 24 billion to the priorities of the platform: EUR 10 billion through calls launched under five

programmes under direct management; and EUR 13.9 billion reprogrammed for STEP by Member States and regions under cohesion policy.

More information on STEP implementation and results is available on the STEP Portal ⁽¹²⁾, in the annual reports on STEP ⁽¹³⁾ and in the [interim evaluation](#) published in 2025 ⁽¹⁴⁾.

Supporting livelihoods

The EU budget supports the livelihoods of EU citizens through a variety of programmes and policies. In 2025, Member States and regions allocated EUR 3.3 billion of **cohesion policy** funding under the mid-term review of cohesion policy to affordable and sustainable housing projects. Overall, under cohesion policy, around EUR 100 billion is set aside in the 2021-2027 period for projects in cities, such as: EUR 10.5 billion to the construction and renovation of housing allocated under the European Regional Development Fund, Cohesion Fund and Just Transition Fund. Cohesion policy also invested EUR 14.5 billion in climate adaptation and disaster risk management, and EUR 3.1 billion to water resilience. Since 2021, cohesion policy has funded an additional 1 434 megawatts of renewable energy production capacity, access to very-high-capacity broadband for more than 335 000 dwellings and over 1 000 kilometres of new, upgraded or modernised roads.

The **common agricultural policy** continued to support farmers' livelihoods and productivity and to promote vibrant rural economies, with payments amounting to EUR 53.2 billion in 2025. By 2025, 5.5 million farmers had received direct support. Moreover, 311 000 young farmers were supported in 2025, and over 270 000 jobs were created in rural areas.

By the end of 2025, the **European Social Fund Plus** had committed EUR 66.3 billion towards sustainable and quality employment, education and social inclusion, supporting 16.0 million participants. By 2025, the fund had delivered aid in the form of food, materials or vouchers to 35.2 million individuals, 7.9 million of whom were children. By the end of 2025, 13 schemes based on financing not linked to cost and amounting to EUR 5.1 billion were adopted by the Commission for 10 Member States (Estonia, France, Croatia, Cyprus, Latvia, Lithuania, Hungary, Poland, Portugal and Romania).

The **European Maritime, Fisheries and Aquaculture Fund** provided about EUR 555 million in 2025 to support sustainable fisheries and the blue economy of fishing and aquaculture communities in Member States. By 2025, the fund had benefited more than 26 700 people, including through skills improvement and training. It also helped to implement 10 919 tonnes per year of new production capacity and supported 32 602 tonnes per year of aquaculture production ⁽¹⁵⁾.

EU4health provided more than EUR 570 million in 2025 for a healthier and safer union. It helped to finance crisis preparedness and response through staff training, support for coordinated surveillance of pathogens and support for the development of crisis-related products. Moreover, it supported health promotion and disease prevention, stronger health systems and healthcare workers, digitalisation of healthcare and the fight against

⁽¹²⁾ European Commission: Directorate-General for Budget, Strategic Technologies for Europe Platform website, https://strategic-technologies.europa.eu/index_en.

⁽¹³⁾ European Commission: Directorate-General for Budget, 'STEP documents', Strategic Technologies for Europe Platform website, https://strategic-technologies.europa.eu/about/step-documents_en.

⁽¹⁴⁾ Report from the Commission to the European Parliament and the Council – Investing in the competitiveness and technological leadership of the EU, COM(2025) 421 final of 16 July 2025, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0421&qid=1778335917845>.

⁽¹⁵⁾ European Commission: Directorate-General for Regional and Urban Policy, 'European Maritime Fisheries and Aquaculture Fund (EMFAF)', European Commission website, <https://cohesiondata.ec.europa.eu/funds/emfaf/21-27#achievements>.

cancer. For example, the programme financed the European reference networks, enabling access to diagnosis and treatment for 2.7 million patients with rare conditions in 2025.

In 2025, the **citizens, equality, rights and values** programme supported Europeans' direct democratic participation, allocating over EUR 1.9 million for the European citizens' initiative. It also launched calls to select projects, for a combined funding amount of EUR 130 million, aimed at anti-discrimination, town twinning, citizens' engagement, remembrance of European history, and children's rights and participation. Moreover, the **justice programme** devoted around EUR 15.4 million during the year to new projects on judicial cooperation, training and access to justice, and concluded procurement contracts amounting to EUR 9.2 million to develop and maintain information technology tools and key EU policies in the justice field.

Stepping up the EU's security and defence

In 2025, the imperative for the EU to provide for its own security and defence came into sharp focus. The European Defence Fund is a core component of EU security and defence by creating innovative and interoperable defence technologies and equipment. Following the 2024 calls for proposals, 63 projects were launched with a total of over EUR 1 billion of EU funding. Overall, 38% of the fund's beneficiaries are small and medium-sized enterprises.

With the publication of the 2025 work programme, the European Defence Fund will award around EUR 1 billion to collaborative research, development and innovation in the field of defence. The 2025 annual work programme allocated around **EUR 400 million to support defence innovation**, of which over EUR 140 million to **support small- and medium-sized enterprises** in developing and testing breakthrough defence technologies. The EU Defence Innovation Scheme (EUDIS), the part of the European Defence Fund dedicated to supporting non-traditional defence players, contributed to this effort.

The **Act in Support of Ammunition Production** supported 31 projects in 2025, providing over EUR 500 million to enhance the production of ammunition, with projects relating to explosives, powder, shells, missiles, testing and reconditioning.

Following the adoption of the White Paper for European Defence, the EU adopted the reArm Europe plan in 2025, based on the use of financial instruments to strengthen Europe's defence capabilities, including the national escape clause of the Stability and Growth Pact, which could unlock up to EUR 650 billion. The plan also includes up to EUR 150 billion in loans via the security action for Europe to support urgent defence investment and address critical capability gaps. By the end of 2025, 19 Member States had expressed interest in accessing loans under this action, covering the full loan envelope, and had submitted their national defence industry investment plans.

The EU is also using cohesion policy to support defence. Through the mid-term review of cohesion policy, EUR 11.9 billion was reallocated to support defence industrial capacities and capabilities, defence infrastructure, military mobility and civil preparedness, prioritising dual use, along with skills development in civil preparedness and the defence industry.

Other programmes supported key strategic projects during the year, such as the **Connecting Europe Facility**, which financed secure equipment and smart capabilities for submarine cables and key terrestrial connections with EUR 186 million under its digital strand. In addition, the Connecting Europe Facility contributed to enhancing the EU's strategic transport infrastructures to make them fit for military mobility.

The **EU secure connectivity** programme and the **space programme** provided a combined total of over EUR 2.4 billion in 2025 to finance:

- the ongoing development of the IRIS2 (infrastructure for resilience, interconnectivity and security by satellite) secure connectivity satellite constellation;
- the Govsatcom governmental communications system;
- the Galileo and European Geostationary Navigation Overlay Service satellite navigation systems;
- the Copernicus Earth observation system, including its space situational awareness components performing surveillance of space, space weather and near-Earth objects.

In 2025, the **Union Civil Protection Mechanism** committed EUR 226.7 million to Member States and non-EU countries to foster resilience and strengthen the civil protection pool of capacity available for response operations. Initiatives included consular or medical evacuations, emergency medical support and the fighting of forest fires. During the wildfire season, the mechanism was activated 16 times in Europe, with 1 million hectares of burnt area registered during the year ⁽¹⁶⁾.

To address migration challenges, the EU set up the Asylum, Migration and Integration Fund, with a total financial programming of EUR 11 billion from the 2021-2027 multiannual financial framework, including EUR 1.91 billion for 2025. Between 2021 and 2025, the fund financed the creation of 22 919 new places in reception centres, in line with the EU *acquis*, and supported the resettlement of 39 829 people. In this way the EU budget supports the implementation of the pact on migration and asylum.

Supporting Ukraine

By the end of 2025, the EU and its Member States had provided support to Ukraine totalling over EUR 193.3 billion. About half of this support, **EUR 88.2 billion, was enabled by the EU budget** in the form of humanitarian aid, crisis response, macrofinancial assistance and budget support, along with early recovery and reconstruction. **In addition, EUR 17 billion was made available to Member States** by reallocating existing cohesion policy budgets to support Member States in addressing the needs of those fleeing Russia's illegal and continuing military aggression against Ukraine. During 2025, support was provided by the EU budget from the Ukraine Facility, the Union Civil Protection Mechanism, the Connecting Europe Facility, the humanitarian aid programme and the European Defence Fund. Support in the form of loans was also provided with an exceptional revenue accelerator macrofinancial assistance loan, as part of the G7 Exceptional Revenue Acceleration Loans initiative. Moreover, other instruments outside of the EU budget have complemented this support.

The EU has also been using proceeds from immobilised Russian sovereign assets to assist Ukraine. 95% of these funds are provided to Ukraine via the Ukraine Loan Cooperation Mechanism to help Ukraine repay the G7 Exceptional Revenue Acceleration loans (including borrowing costs), including the EU's exceptional macrofinancial assistance loan of EUR 18.1 billion disbursed throughout 2025. The remaining 5% contribute to the European Peace Facility (an instrument outside the EU budget).

In December 2025, the European Council agreed to provide a limited-recourse loan to Ukraine of EUR 90 billion for the years 2026 and 2027, based on EU borrowing on the capital markets backed by the EU budget's headroom, to be repaid by Ukraine only once it has received reparations from Russia. This support loan is to be implemented by means of enhanced cooperation pursuant to Article 20 of the Treaty on European Union, with backing from 24 Member States ⁽¹⁷⁾.

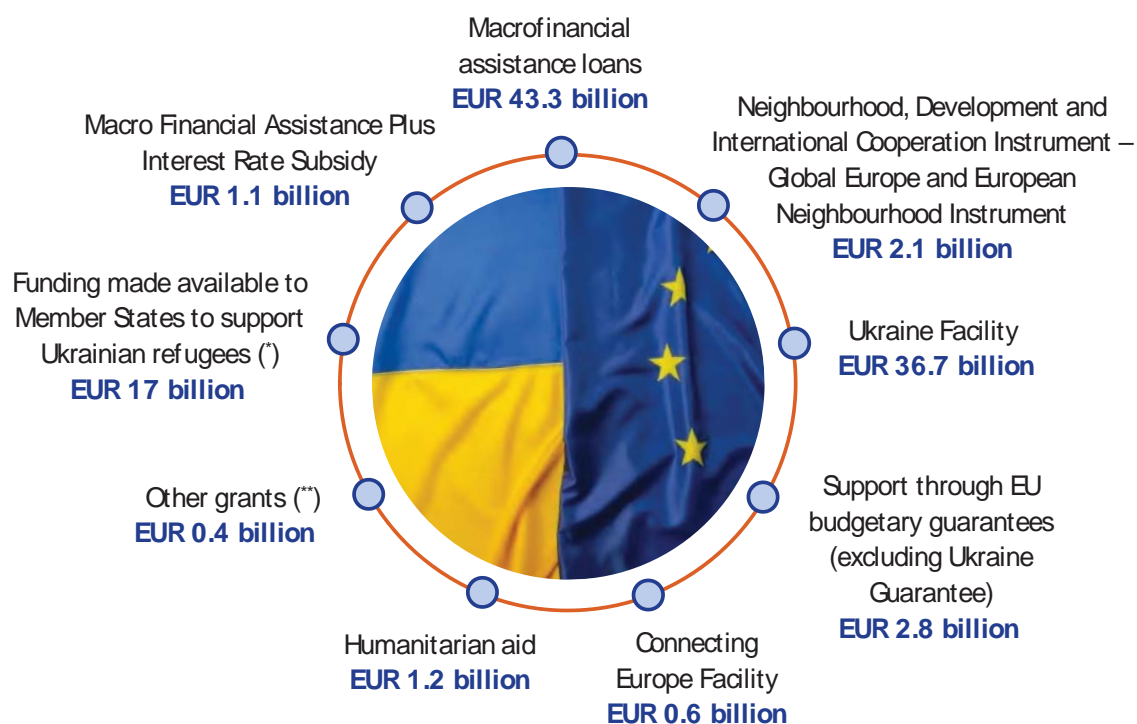
⁽¹⁶⁾ European Commission: Joint Research Centre, '2025 was EU's most destructive wildfire season on record', European Commission website, 31 March 2026, https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/2025-was-eus-most-destructive-wildfire-season-record-2026-03-31_en.

⁽¹⁷⁾ Regulation (EU) 2026/467 of the European Parliament and of the Council of 24 February 2026 implementing enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027 (OJ L, 2026/467, 26.2.2026, ELI: <http://data.europa.eu/eli/reg/2026/467/oj>).

The EU is supporting Ukraine's short-term recovery and medium-term reconstruction and modernisation, in line with Ukraine's path towards EU membership. Trade has been facilitated since 2022 by the solidarity lanes, a set of alternative logistics routes via rail, road and inland waterways. Overall, the EU had provided EUR 600 million by the end of 2025 for investment in transport connections with Ukraine via the Connecting Europe Facility.

Via the Ukraine Facility, the EU has been providing financial support conditional on Ukraine's implementing qualitative and quantitative reform steps. It is also stimulating private support under the Ukraine Investment Framework. By the end of 2025, the facility had disbursed EUR 26.8 billion in loans and non-repayable support, with EUR 10.7 billion provided in 2025 upon the fulfilment of 45 steps by Ukraine under the Ukraine Plan. The Ukraine Investment Framework provided EUR 6.9 billion in the form of a guarantee to mobilise funds from financing institutions to finance projects spanning from support for municipal investment and micro- and small businesses to housing, recovery and financial inclusion. Under the facility's Ukraine Energy Support Fund, the EU disbursed EUR 96 million to repair and restore the capacity of thermal power plants, install gas turbines and repair solar and wind power plants.

EU budget contributions to help Ukraine and Member States face the consequences of the full-scale Russian invasion between 2022 and 2025



Allocations to Ukraine and Member States to face the consequences of the war from the EU budget.

(*) EUR 17 billion was made available to Member States for redeployment from cohesion policy in order to provide emergency support to address migration challenges stemming from Russia's military aggression against Ukraine.

(**) European Instrument for International Nuclear Safety Cooperation, repurposing of the European Neighbourhood Instrument and common foreign and security policy.

Source: European Commission.

Emergency assistance to Ukraine continued to be predominantly funded by the humanitarian aid programme, with EUR 220 million allocated in 2025. Overall, the EU provided EUR 1.2 billion to Ukraine in humanitarian aid by 2025. This was complemented by **peace and stability support** in areas such as demining, energy and accountability. The Union Civil Protection Mechanism also complemented these efforts through continuous **supply of in-kind assistance** from Member States, rescEU stocks, the private sector and non-EU countries, contributing to the overall emergency response in Ukraine.

Promoting international partnerships and supporting EU enlargement

The Instrument for Pre-Accession Assistance III continued to support the EU's enlargement process and the accession of candidate countries. It has, for example, provided expanded community-based services to over 9 000 people in Albania and provided energy-efficiency subsidies to over 40 000 households in Kosovo (*).

Moreover, in 2025, the **Reform and Growth Facility for Moldova** disbursed EUR 288.9 million in loans. Also, a total of EUR 396 million was released in pre-financing and disbursements under the Reform and Growth Facility for the Western Balkans: EUR 164 million for Albania, EUR 45 million for Montenegro, EUR 77 million for North Macedonia and EUR 111 million for Serbia.

From 2021 until the end of 2025, the **Neighbourhood, Development and International Cooperation Instrument – Global Europe had disbursed EUR 29.8 billion.** In 2025, over **EUR 9.8 billion was disbursed** to support a wide range of actions, for instance peace and stability initiatives (EUR 340 million between crisis-response interventions and thematic interventions), as well as initiatives aimed at improving resilience and peacebuilding in fragile contexts (EUR 120 million). The EU also adopted a substantial financial package in support of Syria (including EUR 139 million for 2025 under the Neighbourhood, Development and International Cooperation Instrument – Global Europe ⁽¹⁸⁾).

In 2025, the volatile situation in the **Middle East** highlighted the need for a more structured and coordinated approach to cooperation in the region. The EU presented a proposal for a multiannual comprehensive programme for **Palestine's recovery and resilience** for the period 2025–2027, for an amount of EUR 1.6 billion. Moreover, cooperation and engagement with the **Gulf Cooperation Council (GCC)** and individual Gulf countries were strengthened, particularly in the areas of security, climate change, digital cooperation, and the energy transition. Furthermore, the adoption of the **Pact for the Mediterranean** provided a new framework for EU-Southern Mediterranean relations.

In 2025, the EU and its Member States continued scaling up the Global Gateway strategy. The second Global Gateway Forum and Board were organised and President von der Leyen announced that the EU, Member States and European financing institutions, following a Team Europe approach, had mobilised over EUR 306 billion in investments, exceeding the original EUR 300 billion.

2025 marked the 25th anniversary of the EU–African Union Partnership. As announced at the 7th European Union–African Union summit in November 2025, the EU, in a Team Europe approach, has so far mobilised **more than EUR 120 billion for Global Gateway projects across Africa.** This includes, for instance, water, sanitation and hygiene facilities for schools in Uganda ⁽¹⁹⁾ and delivering high-speed digital connectivity networks, e-services and data infrastructure for the benefit of research and education communities in sub-Saharan Africa ⁽²⁰⁾.

The EU-Latin America and Caribbean Global Gateway Investment Agenda delivered tangible results. More than 80 projects advanced in their implementation, covering areas such as climate action, critical raw materials, digital transformation and innovation, along with sustainable transport. An example is the

(*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

⁽¹⁸⁾ Commission Implementing Decision of 30.9.2025 on the financing of the special measure in favour of Syria for 2025, C(2025) 6539 final, https://north-africa-middle-east-gulf.ec.europa.eu/commission-implementing-decision-financing-special-measure-favour-syria-2025_en.

⁽¹⁹⁾ European Commission: Directorate-General for International Partnerships, 'Building WASH facilities in schools in Uganda', European Commission website, https://international-partnerships.ec.europa.eu/policies/global-gateway/building-wash-facilities-schools-uganda_en.

⁽²⁰⁾ European Commission: Directorate-General for International Partnerships, 'AfricaConnect4 in sub-Saharan Africa', European Commission website, https://international-partnerships.ec.europa.eu/policies/global-gateway/africaconnect4-sub-saharan-africa_en.

development of cross-border electric infrastructure to forge cohesive regional energy markets via a EUR 6.86 billion initiative on regional electricity integration, which will fund 24 projects to boost clean energy generation, transmission and trade.

The Global Gateway has also been mobilising funds for investment in the Asia-Pacific region. For instance, a Team Europe Global Gateway investment package mobilised EUR 12 billion for central Asia, with the EU and the Pacific set to invest close to EUR 300 million in sustainable economic development and resilience to climate change. In the Eastern Neighbourhood, 2025 saw the adoption of multiannual action programmes for 2025-2027 for Armenia, Azerbaijan, Belarus, Georgia and Moldova, totalling EUR 668.2 million.

Providing humanitarian aid and ensuring food security

In 2025, the EU provided around EUR 2.6 billion in humanitarian assistance through the humanitarian aid programme. The EU responded to the humanitarian needs of people facing, for example, natural hazards and human-induced disasters, the consequences of conflict, human rights violations, sexual and gender-based violence, forced displacement, acute food insecurity and extreme poverty.

A particular priority in 2025 was the EU's response to the needs of the Palestinian people. Under the humanitarian aid programme, EUR 220 million was committed to address the needs of Palestine ⁽²¹⁾. In addition, the EU provided aid to:

- the Sudan crisis (EUR 273 million);
- the African Great Lakes region (EUR 129 million);
- the central Sahel countries, i.e. Burkina Faso, Niger and Mali (EUR 124 million);
- Myanmar/Burma (EUR 55 million);
- Venezuela (EUR 52 million);
- Rohingya refugees in the Cox's Bazar refugee camp in Bangladesh (nearly EUR 39 million).

ReliefEU allocated EUR 110 million for operations in 2025, using a total of EUR 53.5 million of first-line emergency humanitarian funding in 60 countries. ReliefEU funding was mobilised 118 times. ReliefEU capacities responded to 20 crises in 18 countries with logistical services and multimodal transportation services.

EU budget contribution to horizontal priorities

The EU budget delivers clear EU added value, beyond what would be achieved by Member States acting alone. All EU funds and programmes continued to progress towards their objectives in 2025, and together they provided strong support to a range of cross-cutting priorities such as the green and digital transitions. During the year, it is estimated that almost EUR 64 billion was provided to support climate objectives, over EUR 15 billion targeted biodiversity objectives, over EUR 19 billion was allocated to digital priorities and almost EUR 38 billion supported gender equality ⁽²²⁾.

EU budget and NextGenerationEU allocation to horizontal priorities in 2025 (percentage of total budget and estimated amounts in million EUR)



Source: European Commission.

⁽²¹⁾ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

⁽²²⁾ Figures based on budgetary from final adopted EU budget, NextGenerationEU and commitments made available again following article 15.3 of the Financial Regulation. Support for different priorities should not be aggregated, as in some cases the same intervention may contribute to more than one priority.

Examples of contributions from the EU budget to horizontal priorities

Climate

- In the 'Cities' mission of Horizon Europe, 103 cities have formally committed to climate neutrality, with an expected reduction in carbon dioxide emissions equal to approximately 6.2% of the EU total in 2023.
- A total of 940 866 new or upgraded refuelling and recharging points for clean vehicles had been installed through measures under the Recovery and Resilience Facility by mid-2025.
- At least 81 million people in the EU are set to benefit from climate mitigation measures funded by cohesion policy programmes for the protection from floods, wildfires and natural disasters and an additional 26 million people from measures on air quality improvement.
- Under the common agricultural policy, measures to enhance carbon sequestration and storage in soils and biomass have been carried out on 38% of the EU's agricultural area.
- LIFE projects have achieved a reduction of 14.1 million tonnes of carbon dioxide equivalent per year, annual primary energy savings of 8 332 gigawatt-hours and additional renewable energy production of 3 153 gigawatt-hours per year. Vulnerability to climate change has been reduced for over 3.5 million citizens.
- Under the Neighbourhood, Development and International Cooperation Instrument – Global Europe, the EU4climate resilience programme (EUR 17 million) supports climate adaptation at the municipal level through technical support and pilot projects. It helps Eastern Partnership countries meet their commitments under the Paris Agreement and align with EU legislation.

Biodiversity

- Cohesion policy has supported projects covering some 65 million hectares of land to protect against wildfires.
- The Copernicus monitoring services contribute to monitoring changes in ecosystems and biodiversity loss, in support of the EU biodiversity strategy, the EU Nature Restoration Regulation, the Convention on Biological Diversity and reporting on the United Nations' sustainable development goals.
- Under the LIFE programme, biodiversity loss has been halted or reversed across 2 048 647 hectares of habitats, and 557 species have benefited from conservation efforts.
- A total of 2 691 initiatives contributing to good environmental status were selected between 2022 and 2024 under the European Maritime, Fisheries and Aquaculture Fund.

Digital

- By the end of 2025, 20 million additional dwellings had broadband access via very-high-capacity networks thanks to investment financed by the Recovery and Resilience Facility InvestEU and Cohesion funding
- Over 51 000 businesses and almost 20 000 public institutions were selected to receive support under the cohesion policy funds to develop digital products, services and processes.
- Additional capacity of 10 362 terabits per second was created by backbone networks, including submarine cables, that had been deployed by the Connecting Europe Facility by the end of 2025.

Gender equality

- In 2025, 19% of the EU budget contributed to the promotion of gender equality.
- During the year, the digital Europe programme funded activities to increase the number of women in information and communications technology. For example, it supported outreach activities, consultancy services and workshops to attract more women to the sector. In addition, projects to set up four sectoral skills academies in the fields of quantum, artificial intelligence, semiconductors and virtual worlds specifically promoted the participation of women in these academies.
- The plans under the Recovery and Resilience Facility include 123 gender-relevant measures, 72 investments and 51 reforms. These measures include 207 milestones and targets in 25 plans, of which 117 have already been assessed as fulfilled and 35 have been reported by Member States as completed.
- Horizon Europe requires that public bodies, research organisations and higher education institutions from Member States and associated countries have a gender-equality plan in place as a condition for eligibility.

NextGenerationEU driving reforms and investment via recovery and resilience plans

In 2025, NextGenerationEU continued to support economic recovery through Member State reforms and investments under the Recovery and Resilience Facility. The total envelope amounted to EUR 637.1 billion at the end of 2025, comprising EUR 360 billion in non-repayable support and EUR 277 billion in loans. In 2025, the Commission assessed 34 payment requests amounting to EUR 87.3 billion (EUR 47.2 billion in loans and EUR 40.1 billion in non-repayable support).

The reforms supported by the Recovery and Resilience Facility contribute to the long-term economic resilience of Member States and maximise the positive impact of related investment under the facility. As reflected in the recovery and resilience scoreboard, the facility has supported, for instance, the modernisation of regulatory frameworks in key sectors (e.g. digital, energy, transport), improvements in permitting and public procurement procedures, and the strengthening of rule-of-law and anti-corruption safeguards ⁽²³⁾.

⁽²³⁾ European Commission: Directorate-General for Economic and Financial Affairs and Secretariat-General, 'Recovery and resilience scoreboard', European Commission website, 9 May 2026, https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html.

The Recovery and Resilience Facility has provided substantial support to Member States tied to the delivery of reforms and investment and has reshaped EU economic governance and policy coordination with its performance-based design ⁽²⁴⁾. Across the EU, the facility has made a real difference to the lives of individuals by supporting ambitious investment agendas in the following areas ⁽²⁵⁾:

- **Green transition.** By the end of 2025, annual energy consumption had been reduced by 37.6 million megawatt hours, and more than 940 866 refuelling and recharging stations for clean vehicles had been installed or upgraded.
- **Digital transition.** Around 20 million additional dwellings had gained access to very-high-capacity internet networks by the end of 2025, and more than 2.4 billion users ⁽²⁶⁾ were using new or improved public digital services.
- **Healthcare.** Healthcare capacity has been increased, including in hospitals, clinics, outpatient care centres and specialised care centres. By the end of 2025, around 60.2 million people annually could benefit from new or modernised healthcare facilities.
- **Education and training.** Some 30.7 million people have participated in education and training and almost 3.5 million people are in employment or engaged in job-searching activities thanks to the support received through the facility. In addition, 12.7 million young people aged 15-29 have received support, whether monetary or in kind (i.e. education, training and employment support).
- **Support for businesses.** Around 4.9 million enterprises had received support – whether monetary or in kind – under the facility by the end of 2025.

REPowerEU provides EUR 57.6 billion for investment and reforms to help Member States save energy, diversify energy supplies and produce clean energy. All 27 REPowerEU chapters have been adopted. The measures continue to contribute to saving energy, substituting fossil fuels and addressing security-of-supply needs, while reducing dependency on Russian fossil fuels. Following the adoption of the REPowerEU chapters, a total of EUR 339.7 billion ⁽²⁷⁾ – over 50% of the Member States' total allocation under the Recovery and Resilience Facility – has been dedicated to measures contributing to the green transition pillar.





⁽²⁴⁾ Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, 2026 European semester – Spring package, COM(2026) 200 final of 3 June 2026, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2026%3A200%3AFIN&qid=1780494235578>

⁽²⁵⁾ This information is based on data reported by the Member States in the context of the biannual reporting on the common indicators. More information and data are available from the recovery and resilience scoreboard (see footnote 24).

⁽²⁶⁾ The indicator counts the total number of uses rather than the number of unique individuals.

⁽²⁷⁾ This figure shows cost estimates based on the pillar tagging methodology for the recovery and resilience scoreboard (see footnote 24) and corresponds to the measures allocated to the green transition pillar as a primary or secondary policy pillar.

Key climate and energy commitments under the REPowerEU component of the Recovery and Resilience Facility

<div style="text-align: center;">  <p>Renewable energy for all</p> </div> <ul style="list-style-type: none"> A significant share of the Recovery and Resilience Facility is dedicated to renewable energy and energy infrastructure. EUR 67.6 billion ⁽²⁸⁾ is allocated to these measures under the facility. This represents 20% of the total estimated cost of the measures in the recovery and resilience plans. The Recovery and Resilience Facility is projected to increase the capacity of renewable energy sources by more than 61 gigawatts by 2026. This corresponds to almost 32% of all additional renewable energy capacity deployed in Europe between 2021 and 2024 ⁽²⁹⁾. 	<div style="text-align: center;">  <p>Saving energy</p> </div> <ul style="list-style-type: none"> Considering the average electricity consumption of households, the renewable capacity supported by the Recovery and Resilience Facility is expected to generate enough electricity each year to cover the needs of around 40 million households ⁽³⁰⁾ across the EU. The recovery and resilience plans will replace more than 3 million heating and cooling systems with sustainable alternatives.
<div style="text-align: center;">  <p>Boosting the competitiveness of EU industry</p> </div> <ul style="list-style-type: none"> Strategic clean-tech investments will be made in electrolysers, batteries and solar panels. The electricity generated from Recovery and Resilience Facility investment in renewable energy could replace almost 15.8 billion cubic metres of fossil gas, equivalent to more than 16% of the reduction in gas imports from Russia achieved since 2021. 	<div style="text-align: center;">  <p>Secure energy networks for the EU</p> </div> <ul style="list-style-type: none"> The recovery and resilience plans include investment in over 21 000 megawatts of additional transmission and distribution capacity – enough to carry the full output of around 5 125 new onshore wind turbines. More than 10 000 kilometres of transmission and distribution lines are being reinforced or constructed – roughly equivalent to circling a quarter of the earth, or stretching from Lisbon to Helsinki and back. Key cross-border gas infrastructure projects will meet immediate security-of-supply needs.

In 2025, **Member States revised their plans under the Recovery and Resilience Facility to adjust to new needs and simplify milestones and targets to ease implementation**, in line with the Communication ‘NextGenerationEU – The Road to 2026 published by the Commission’ ⁽³¹⁾. Overall, 50 Council implementing decision revisions were positively assessed by the Commission, including 24 amendments relating to the simplification effort.

Almost EUR 80.4 billion had been issued in the form of NextGenerationEU green bonds as of April 2026. The largest share of these funds was used to make disbursements to Member States under the Recovery and Resilience Facility. This means the EU maintains its position as one of the world’s largest issuers of green bonds. In December 2023, the Commission published the first NextGenerationEU green bond allocation and impact report ⁽³²⁾, which confirms the EU’s commitment to sustainable finance. Since then, this has been an annual

⁽²⁸⁾ The figures for renewable energy and infrastructure presented in this thematic analysis, except when otherwise specified, are based on the pillar tagging methodology for the Recovery and Resilience Scoreboard and correspond to the measures allocated to the policy area ‘Renewable Energy & Networks’ as primary or secondary policy area in September 2025.

⁽²⁹⁾ Based on the total renewable capacity of the EU-27 available from the IRENA Renewable Capacity Statistics 2025. Since 2021, 191.33 gigawatts of renewables have been deployed in the EU-27.

⁽³⁰⁾ According to Eurostat (2025) number of households by household composition.

⁽³¹⁾ Communication from the Commission to the European Parliament and the Council – NextGenerationEU – The road to 2026, COM(2025) 310 final/2 of 4 June 2025, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0310>.

⁽³²⁾ European Commission: Directorate-General for Budget, *Green bonds – Impact and allocation report – NGEU report 2023*, Publications Office of the European Union, Luxembourg, 2023, <https://data.europa.eu/doi/10.2761/302803>.

exercise, with the latest report published in December 2025 ⁽³³⁾. The report shows that the full implementation of all measures funded by NextGenerationEU green bonds could reduce greenhouse gas emissions by 53.4 million tonnes per year, equivalent to 1.5% of all such emissions in the EU in 2022.

Further information on the implementation and management of the Recovery and Resilience Facility is provided in **Annex 3** to this *Annual Management and Performance Report for the EU Budget*.

Effective tools ensure that the EU budget is well managed and safeguarded

The Commission attaches the greatest importance to making the best possible use of taxpayers' money. It is fully committed to ensuring that funding reaches the intended beneficiaries at the right cost and in compliance with the applicable rules. To achieve this objective, the Commission relies on several tools that have proved to be fit for purpose over the years and have remained effective in relation to the new challenges encountered by the EU.

A robust chain of accountability

The Commission's governance system and chain of accountability are tailored to its unique structure and role. The College of Commissioners is politically responsible for managing the EU budget. It delegates the day-to-day operational management to the 52 authorising officers by delegation ⁽³⁴⁾, who manage and steer their departments and are accountable for the share of the EU budget implemented in their department.

The annual activity reports demonstrate how the authorising officers by delegation have obtained the assurance that the resources assigned to them have been used for their intended purpose, in accordance with the principle of sound financial management, and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. If the authorising officers by delegation identify weaknesses, they may qualify their declaration of assurance with reservations.

The assurance is built on the following: (1) an assessment of the internal control system, including anti-fraud measures; (2) the results of the controls carried out and their assessment of the risks to which their department is exposed and the mitigating measures taken; (3) the preventive and corrective measures they have applied as a result of the controls they have carried out, together with the Member States in the case of shared management; (4) the observations and conclusions of the internal auditor and of the Court of Auditors; and (5) the mitigating measures taken to address the weaknesses identified, especially in higher-risk areas.

An internal control framework and measures to fight fraud that are continuously updated and ensure cybersecurity

The Commission's internal control framework is crucial to ensuring the effectiveness, efficiency and economy of its operations, along with their legality and regularity. This is especially true in a context of scarce resources and an increasing number of priorities. In parallel, since 2024, the Commission has also

⁽³³⁾ European Commission: Directorate-General for Budget, *NGEU Green Bonds Allocation and Impact Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2761/8167958>.

⁽³⁴⁾ The term 'authorising officers by delegation' covers Directors-General of Commission departments and heads of executive agencies, offices, services, task forces, etc. Article 74(1) of the Financial Regulation provides that 'The authorising officer shall be responsible in the Union institution concerned for implementing revenue and expenditure in accordance with the principle of sound financial management, including through ensuring reporting on performance, and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients.'

enhanced the efficiency and effectiveness of the borrowing and lending operations underpinning the financing of policy programmes. These include NextGenerationEU, support for Ukraine through macrofinancial assistance (Macro Financial Assistance Plus and the Ukraine Loan Cooperation Mechanism) and ongoing support for other neighbouring countries. The Commission considers that internal control systems are functioning well and that suitable mitigating measures are being implemented in areas where weaknesses have been identified.



On the fight against fraud, the Commission progressed in the implementation of its revised anti-fraud strategy action plan, which aims to prevent and tackle fraud. The majority of the actions included in the 2023 action plan were implemented by the end of 2025. The European Anti-Fraud Office (OLAF) continued its strategic analytical work and investigative activities and included an updated qualitative assessment of the national anti-fraud strategies in its 2024 annual report on the protection of the EU's financial interests ⁽³⁵⁾.

Security, safety, cybersecurity and business continuity are high on the Commission's agenda. In 2025, as required by the regulation on cybersecurity in the EU's institutions, bodies, offices and agencies ⁽³⁶⁾, the Commission conducted an initial cybersecurity review, ran a maturity assessment and reported on its cybersecurity plan, therefore building on the existing internal cybersecurity governance, monitoring and reporting framework and the corporate cybersecurity strategy. The implementation of the first complete cycle of reporting required by the regulation contributed to establishing a comprehensive and binding framework to ensure a high common level of cybersecurity across EU entities, including obligations on governance, risk management, incident reporting and cooperation.

In the current geopolitical context, digital sovereignty has also emerged as a critical area. In November 2025, the Commission's corporate information technology governance body endorsed a digital sovereignty action plan, which aims to increase control over the Commission's own digital assets.

Control results confirm the EU budget is well protected

As part of their control strategies, within the internal control framework, the Commission and the Member States perform thousands of checks every year to prevent, detect and correct errors and weaknesses in the management and control systems. For shared management, the Commission relies on the checks carried out by the national authorities and supervises them with its own controls and audits where necessary. This is done in line with the single audit principle, which rationalises audit and control and minimises the audit burden on beneficiaries. Under indirect management the Commission relies on the control systems of implementing partners, whereas for direct management it is the Commission itself that performs the controls. For the Recovery and Resilience Facility, checks and controls are performed according to the division of responsibilities between the Commission and the Member States.

In agriculture 	In cohesion 
Member States continue to enhance their highly automated and systematic <i>ex ante</i> checks (e.g. through the compulsory use of the area monitoring system). The Commission reviewed the annual reports and opinions for all 72 paying	For the 2014-2020 programming period, Member States audited 9 425 (parts of) operations, and the Commission reviewed the

⁽³⁵⁾ Report from the Commission to the Council and the European Parliament – 36th Annual Report on the protection of the European Union's financial interests and the fight against fraud –2024, COM(2025) 426 final of 25 July 2025, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0426>.

⁽³⁶⁾ Regulation (EU, Euratom) 2023/2841 of the European Parliament and of the Council of 13 December 2023 laying down measures for a high common level of cybersecurity at the institutions, bodies, offices and agencies of the Union (OJ L, 2023/2841, 18.12.2023, ELI: <http://data.europa.eu/eli/reg/2023/2841/oj>), which entered into force in January 2024.

agencies and carried out **45** conformity audits in 21 Member States.

annual reports and opinions for **441** programmes and carried out **88** risk-based audits.

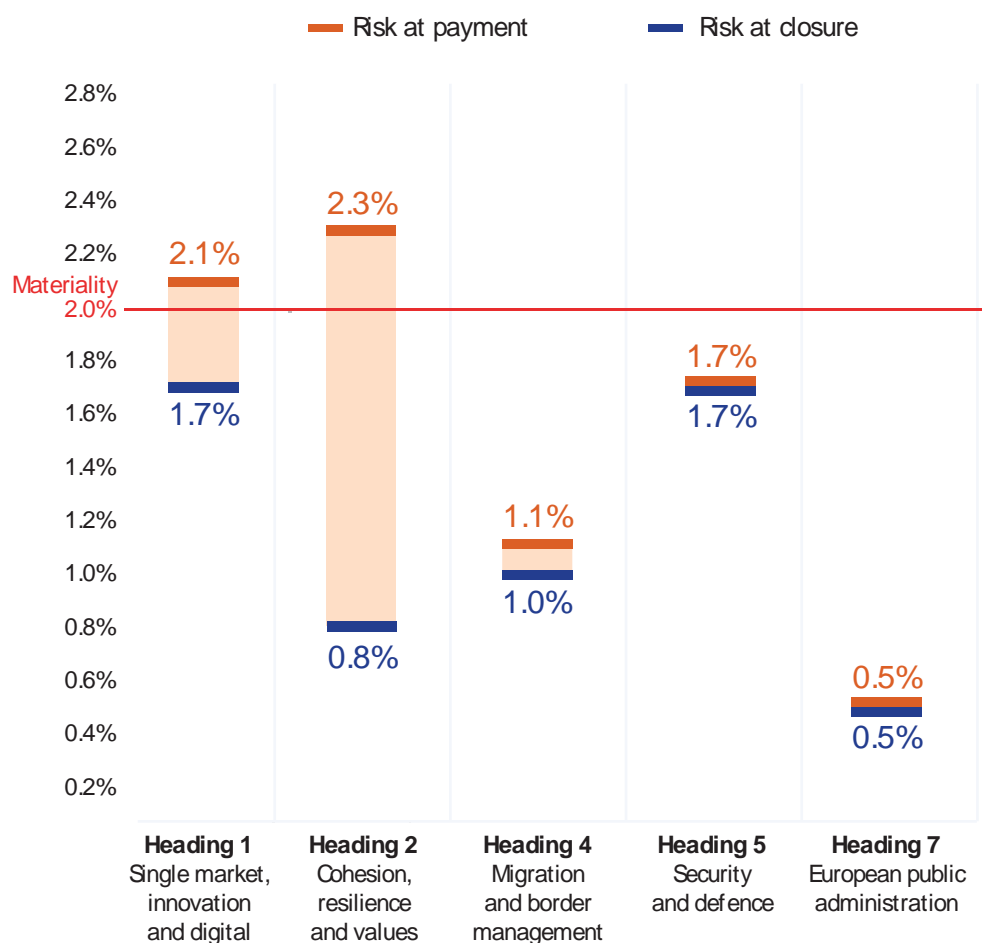
As a result of these controls and audits, preventive and corrective measures to the amount of EUR 9 040 million were implemented in 2025. EUR 1 137 million is the amount of errors prevented as a result of controls and audits carried out before payments took place, and EUR 7 903 million is the amount of corrections implemented by the Commission and the Member States as a result of controls and audits carried out after payment took place. The increase in the latter compared to 2024, when the amount was EUR 1 475 million, is due to the closure of the 2014-2020 operational programmes in the cohesion policy, reflecting mainly the high volume of submitted accounts in 2025 (last accounting year) and the additional corrective capacity applied at closure.

Control results are presented at the level of the individual multiannual financial framework (MFF) headings, reflecting the different approaches followed for different types of expenditure.

For all headings under which expenditure is cost based – also called compliance based – the Commission estimates the risk at payment and the risk at closure. The risk at payment measures the risk that the payments made are affected by irregularities before any correction has been applied. The risk at closure represents the remaining level of error at the end of the programming cycle after all controls and all corrections have been implemented. Given the multiannual character of the funding programmes, the Commission, together with Member States in the case of shared management, makes a substantial effort to perform controls after payment and to make corrections until the closure of the programmes. These efforts are reflected in the estimated risk at closure.

In 2025, for compliance-based expenditure, the risk at closure was below 2% for all headings. The risk at payment was slightly above 2% for the MFF headings covering Single market, innovation and digital and Cohesion, resilience and values and below 2% for other MFF headings (see the chart below).

Overview of risk at payment and risk at closure for compliance-based expenditure



Source: European Commission annual activity reports for 2025 (as of 22 April 2026).

For performance-based expenditure, there is a qualitative assessment of the risk to the legality and regularity of the payments made whereby expenditure is grouped into three categories of risk: low, medium and high. Since 2024, this has concerned payments made under the new delivery model for the common agricultural policy for 2023-2027, under the heading of natural resources and environment, where the focus is on the functioning of the systems in place in the Member States and systems audits, both by the national audit authorities ⁽³⁷⁾ and by the Commission. From 2025 onwards, this also applies to expenditure related to the Moldova, Ukraine and Western Balkans facilities, under the heading neighbourhood and the world, where payments are based on the achievement of milestones and targets (steps in the case of the facilities), like the Recovery and Resilience Facility ⁽³⁸⁾. The assessment is mostly based on the level of risk associated with the milestones and targets paid. Further elements relating to the situation of the management and control systems used in the beneficiary countries may be taken into account. Even if the approach does not produce error rates, the same level of protection of the EU budget from errors is ensured through interruptions, suspensions and financial corrections that result from the controls in place.

For natural resources and environment, the share of low-risk expenditure was 64%. This is slightly below the average for the period 2020-2024 (66.7%), and reflects overall the improved assessment of the systems in

⁽³⁷⁾ Certification bodies for agriculture.

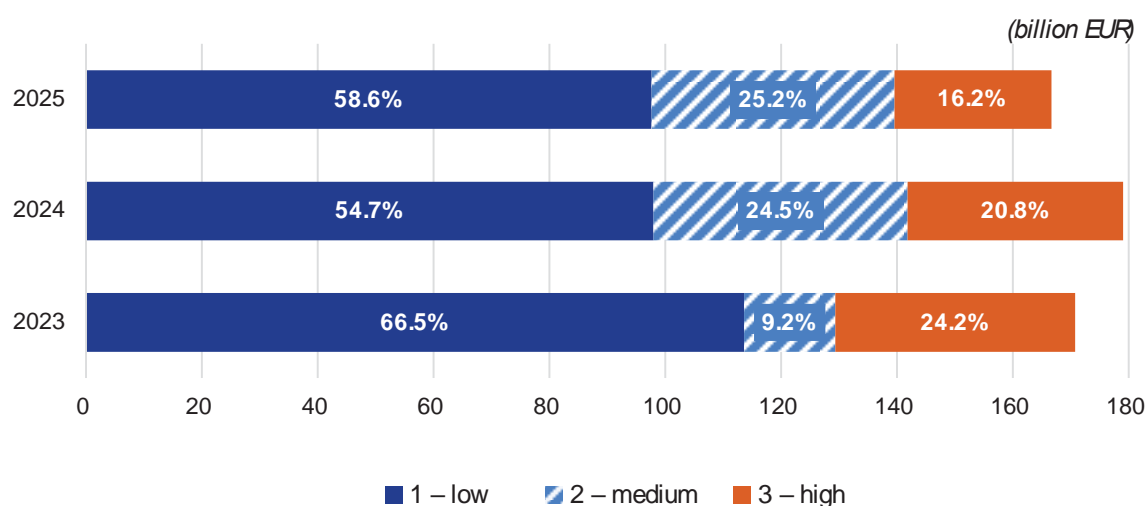
⁽³⁸⁾ The Reform and Growth Facility for Moldova, the Ukraine Facility and the Reform and Growth Facility for the Western Balkans.

place by the certification bodies, which gained experience in the second year of implementing the new delivery model.

For the neighbourhood and the world, the share of low-risk expenditure was close to 90%, which is in line with previous years' results. For the Ukraine Facility ⁽³⁹⁾, given the early stage in the instrument's life cycle, the progress already made in implementation, the types of milestones and the targets submitted for payments, and taking into account the situation on the ground, all payments were assessed as low risk.

To ensure comparability with previous years at the Commission level, control results are presented in an overview of the share of expenditure in each of the three categories of risk: low, medium and high. The evidence gathered by the Commission through its controls and audits, and those of the Member States, allows expenditure to be grouped together in three risk categories based either on the risk at payment (low, if below 2.0%; medium, if between 2.0% and 2.5%; or high, if above 2.5%) or on the share of expenditure assessed as low, medium or high risk, based on the tailored methodology established for performance-based payments.

Expenditure per risk category



Source: European Commission annual activity reports for 2025.

Based on all the controls and audits carried out, the Commission has detailed and robust evidence of the differentiated risk level for EU budget expenditure. This evidence is detailed down to the level of programmes for cohesion policy; to the level of interventions within paying agencies for performance-based expenditure under natural resources; and to the level of individual payments for facilities. This in turn makes it possible to address and correct weaknesses precisely in the segments of expenditure where they occur and to focus action where it is deemed necessary.

This approach allows the Commission to present a nuanced picture of the managed expenditure. Although Horizon Europe programmes and the digital Europe programme have a risk at payment above 2.5%, 64.1% of expenditure under the single market, innovation and digital heading is in the low- or medium-risk categories. Similarly, while the overall risk at payment for cohesion is 2.7% ⁽⁴⁰⁾, the majority of cohesion policy programmes were in the medium-risk category in 2025. Moreover, cohesion policy's multilevel control and corrective framework ensures that the risk at closure remains below the materiality threshold of 2%. The Commission is able to report precisely which programmes in which Member States are medium risk (risk at payment above between 2% and 2.5%) and high risk, with a risk at payment above 2.5% or significant

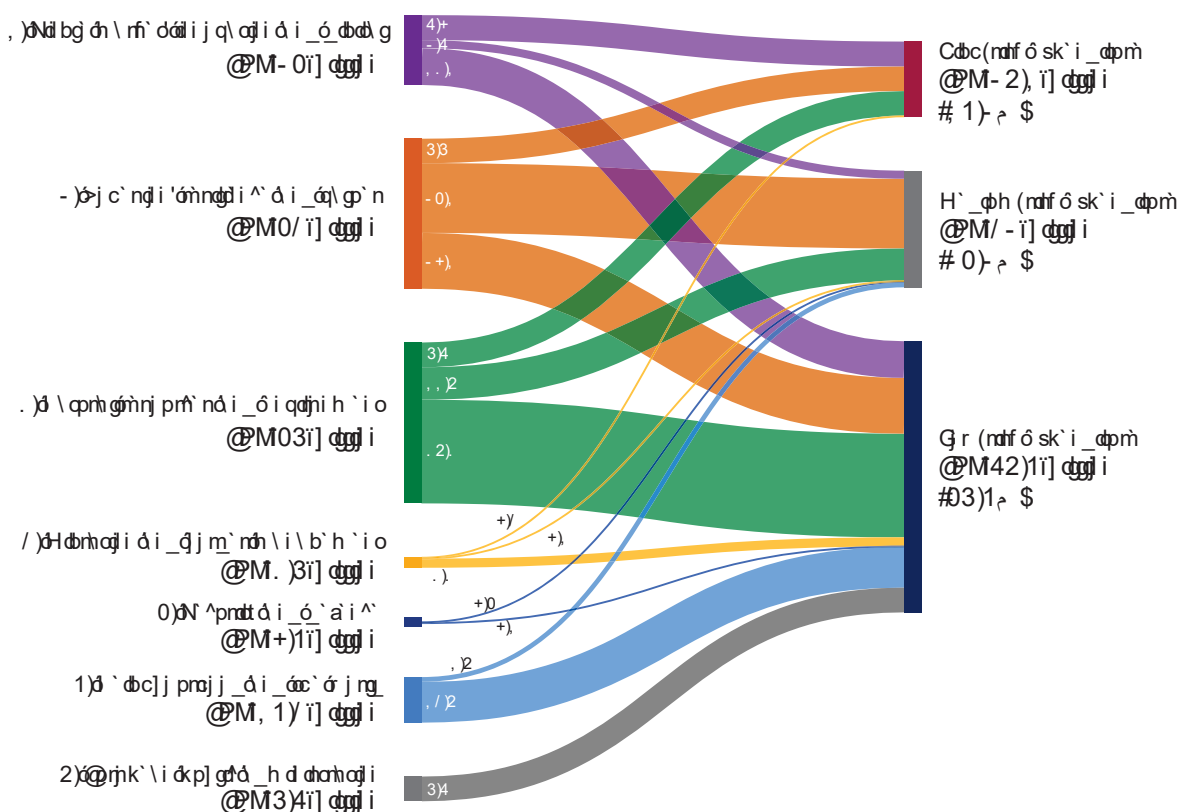
⁽³⁹⁾ In 2025, payments consisted of loans, to all facilities, from the borrowing operations of the Commission, and of non-repayable funding, to Ukraine only, from the EU budget.

⁽⁴⁰⁾ For the heading cohesion, resilience and values, which is wider than cohesion only, the risk at payment is 2.3%. For cohesion only, see also Volume III, Annex 5, Table B, it is 2.71%.

weaknesses identified ⁽⁴¹⁾. Similarly, for natural resources where expenditure is low risk in general, the Commission can identify those interventions at paying-agency level that are assessed as medium or high risk ⁽⁴²⁾. All the remaining expenditure under the other multiannual financial framework headings – migration and border management, security and defence, neighbourhood and the world, and administrative expenditure – is low or medium risk.

European Commission categorisation of expenditure into higher-, medium- and lower-risk segments, as a percentage of the total of relevant expenditure for 2025

Fig. 1 CSP



Source: European Commission annual activity reports for 2025.

The Commission’s approach to the control of the funds it is implementing reflects its specific role. The Commission’s duty as manager of the EU budget is, on a multiannual basis, to prevent errors and, if necessary, to correct them, recover funds unduly spent and address identified weaknesses. The Commission’s approach stems from a multiannual management perspective and requires that more detailed information be provided. It differs from that of the Court of Auditors, which is annual by definition and takes an auditor’s perspective.

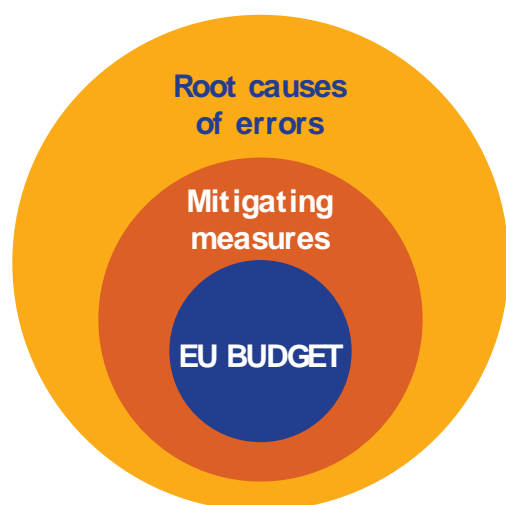
For 2023-2027 expenditure under the common agricultural policy, the Court of Auditors continues to apply the approach of previous years. The Court of Auditors determines an error rate based on audits of payments to final beneficiaries, checking whether they comply with the rules set by the Member States in their plans. Errors identified in payments are also analysed by the Court of Auditors for indications of potential serious

⁽⁴¹⁾ In 2025, reservations for Cohesion policy were made in relation to 68 programmes in 17 Member States and the United Kingdom for both the 2014-2020 and the 2021-2027 programming periods.

⁽⁴²⁾ In 2025, for expenditure under the new performance-based model, 82 interventions in 34 paying agencies in 25 Member States were put under reservation.

deficiencies in the governance systems in Member States, which are the focus of the Commission's assessment. The Court of Auditors' approach is therefore complementary to the Commission's.

The Commission reports transparently on expenditure with a high level of risk that is deemed to be material, with significant weaknesses in the management of funds or with reputational risks. This is done in the annual activity reports of each authorising officer by delegation through reservations qualifying their declaration of assurance. For 2025, there are 32 reservations, 30 relating to expenditure under the EU budget, with a total financial impact of EUR 867 million, or 0.5% of the total expenditure, and two relating to the Recovery and Resilience Facility, with a financial impact of EUR 343 million, or 0.8% of the total expenditure under the Facility in 2025. Reservations are a keystone of the accountability chain. They outline the challenges and weaknesses encountered and are systematically accompanied by a description of the measures envisaged to address them. Appropriate financial corrections are also applied.



Root causes of errors

- Ineligible costs in cost claims.
- Non-compliance with EU or national rules (procurement, State aid, etc.).
- Ineligible participants.
- Missing supporting documents.

Mitigating measures

- Continuous update of control strategies.
- Simplified cost options.
- Awareness actions.
- Guidance.
- Training.
- Digital solutions.

The Commission uses appropriate measures to address the main weaknesses identified through its controls, taking into account the recommendations made by the Parliament, the internal auditor and the Court of Auditors.

In addition, the Commission has taken into account the lessons learned, in particular on simplification measures, when designing the legal framework for new programmes. This was done, for instance, for the basic acts for the 2021-2027 programming period and in the proposals for the 2028-2034 multiannual financial framework. As explained above, the impact of simplification measures such as the use of simplified cost options will increase in the years to come, when more expenditure from the 2021-2027 programming period takes place and has been checked under the rules for this programming period.

Based on the above, the Commission considers that, in 2025, the EU budget was well protected overall. This is confirmed by the internal auditor's overall conclusion⁽⁴³⁾, in which she considered that, during the year, the Commission put in place governance, risk management and internal control procedures which, taken as a whole, are adequate to give reasonable assurance over the achievement of its financial objectives, with the exception of those areas of financial management over which authorising officers by delegation have expressed reservations in their declarations of assurance.

⁽⁴³⁾ See Annex 2, Section 3.2 'Work of the Internal Audit Service and overall conclusion'.

Transparent reporting

The Commission reports transparently on the operational and budgetary implementation of the funds it manages, and provides information on the beneficiaries and recipients of EU funds.

This is done through a wide range of reports and publicly accessible databases, examples of which are given below.

- The Commission's **integrated financial and accountability reporting** brings together comprehensive information on the implementation, performance, results, sound financial management and protection of the EU budget. It includes the final consolidated accounts, this *Annual Management and Performance Report for the EU Budget*, the long-term forecast of future inflows and outflows, the annual internal audit report and the report on the follow-up to the discharge.
- In their **annual activity reports**, the authorising officers by delegation of all 52 Commission departments report on the progress achieved towards their objectives in implementing the funds. They report on the control results, the weaknesses identified in the internal control systems and the measures taken to address them. They transparently mention in their declaration of assurance the reservations for high-risk expenditure or revenues.
- The **Financial Transparency System** web portal is open to members of the public who are interested in finding out who received funding from the EU budget and the European Development Fund and how much they received under direct management, along with the commitments for entities entrusted with managing the EU budget under indirect management.
- The **NextGenerationEU green bonds dashboard** provides a real-time overview of the measures financed by the NextGenerationEU green bonds and related expenditure. These data demonstrate that the Commission is issuing green bonds in line with the highest standards and the best market practices. Every year, the Commission publishes a NextGenerationEU green bond allocation and impact report, which shows how the proceeds from green bonds have been used and presents the assessment of the climate impact of the measures financed by them, along with the level of compliance with the EU taxonomy.
- **Kohesio** ⁽⁴⁴⁾, the **public platform for the visibility and transparency of cohesion policy funds**, includes the lists of operations benefiting from EU funding published by all the Member States for the 2014-2020 and 2021-2027 programming periods in line with applicable regulatory provisions.
- In relation to **natural resources**, transparency of information is achieved at the Member State level through the development and management of national systems and, as applicable, databases accessible through the internet, for example for the identification of land parcels for the agricultural funds, and the regular publication of the beneficiaries of agriculture and maritime, fisheries and aquaculture funds.
- For the **Moldova, Ukraine and Western Balkans facilities**, scoreboards for the respective plans were established in 2025, providing easy public access to the assessment of reforms as captured in the decisions underpinning payments.

⁽⁴⁴⁾ <https://kohesio.eu/>.

- For the **Recovery and Resilience Facility**, the scoreboard displays the data reported by Member States on the 100 final recipients that receive the highest amount of funding for the implementation of measures under the facility. The date is updated twice a year. The website for the Facility also includes a map of projects that provides examples of reforms and investment supported by the Recovery and Resilience Facility in the various Member States. In 2025, to further enhance transparency, data on all measures and all milestones and targets was made available on the Scoreboard.

For the Recovery and Resilience Facility under NextGenerationEU, control results confirm the satisfactory fulfilment of all milestones and targets for the payments made in 2025

For the Recovery and Resilience Facility, the Commission has put in place a dedicated control environment.

This control set-up ensures both that the Member States put in place an effective control system for the protection of the EU's financial interests, as per the requirements of the Recovery and Resilience Facility Regulation ⁽⁴⁵⁾, and that the payments to the Member States are legal and regular.

All of the audit and control milestones have been assessed as fulfilled for all Member States that had received a payment by the end of 2025

and for which such milestones had been added to their national plan. Particular attention was paid to the achievement of these milestones in relation to the Member States' arrangements to ensure an adequate audit and control system to protect the financial interests of the EU. Following a thorough assessment during the revision of the recovery and resilience plans, the Commission proposed new audit and control milestones where this was deemed necessary ⁽⁴⁶⁾. Control systems in the Member States have significantly improved since the launch of the Recovery and Resilience Facility, with 56 audit and control milestones (out of 83) assessed as being satisfactorily fulfilled. The remaining 27, corresponding to one Member State, will be assessed once the corresponding payment requests are submitted. Member States cannot receive payments, except for pre-financing, until the audit and control milestones are fulfilled.

In 2025, the Commission carried out four system audits on the protection of the financial interests of the EU ⁽⁴⁷⁾. By the end of May 2026, the Commission had performed 36 system audits, covering all the Member States. During these audits, the Commission also verified whether Member States had complied with their obligation to check compliance with applicable rules regularly, notably public procurement and State-aid rules, including the effectiveness of such checks, and whether they had procedures to avoid double funding between the Recovery and Resilience Facility and other EU programmes. An overall improvement in the implementation of internal control systems was noted across the audited implementing and coordinating bodies. Member States are implementing the necessary improvements stemming from audit findings. In some instances, the audit and control milestones provided an additional incentive for Member States to implement actions responding to audit recommendations in a timely manner.

In relation to legality and regularity, the Commission's control results confirm the satisfactory fulfilment of all milestones and targets for the payments made in 2025. These results are based on the Commission's

⁽⁴⁵⁾ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, pp. 17–75, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>).

⁽⁴⁶⁾ Ten audit and control milestones and targets were added in seven revised recovery and resilience plans in 2023 and one in 2025.

⁽⁴⁷⁾ In relation to Ireland, Spain, France, Poland, Finland and Sweden.

careful assessment ⁽⁴⁸⁾ of the evidence provided by the Member States to substantiate the fulfilment of milestones and targets, along with the management declarations and audit summaries accompanying each payment request, before the payment takes place. This allowed a very small number of milestones and targets (11 out of 1 174 assessed) to be identified as not having been achieved at the time the payment requests were submitted, and for which suspensions of payments were applied amounting to EUR 1 737.5 million ⁽⁴⁹⁾. This assessment was complemented by on-the-spot audits ⁽⁵⁰⁾ after the payments had taken place. The satisfactory achievement of another two targets ⁽⁵¹⁾ was put in question, a posteriori, after considering the Court of Auditors' audit results in the context of its 2025 statement of assurance. The corresponding payment was considered high risk.

The responsible authorising officer by delegation reported that they had reasonable assurance of the legality and regularity of the payments made in 2025 for the Recovery and Resilience Facility, based on the results of the controls carried out except for the one payment considered high risk for which a reservation was issued. The Commission concluded that all other payments made in 2025 were considered to be at a low or medium level of risk of error. In addition, regarding the compliance with all applicable rules when using the funds, and the obligation to correct cases of fraud, corruption, conflict of interest or serious breach of an obligation resulting from the financing and loan agreements, one Member State ⁽⁵²⁾ was found to be at a high level of risk, for which a reservation was maintained. All other Member States were assessed at either a medium level of risk or a low level of risk.

The conditionality regime continues to contribute to the protection of the EU's financial interests

Since 2021, with the entry into force of the Conditionality Regulation ⁽⁵³⁾, the EU budget has had an additional layer of protection when breaches of the principles of the rule of law in a Member State affect, or seriously risk affecting, EU financial interests in a sufficiently direct way. The rule of law is one of the founding values of the EU, and respect for it is also key for the sound financial management of the EU budget and the effective use of EU funding. The Conditionality Regulation complements other tools and procedures to protect the EU budget, for example checks and audits or financial corrections under sectoral rules, including those put in place by the Recovery and Resilience Facility Regulation ⁽⁵⁴⁾ and by the Common Provisions

⁽⁴⁸⁾ In its assessment, the Commission retains a margin of discretion as regards a limited number of circumstances in which minimal deviations linked to the amounts, formal requirements, timing or substance can be accepted.

⁽⁴⁹⁾ Romania (six milestones and targets, EUR 869.8 million), Spain (two milestones and targets, EUR 500.3 million), Bulgaria (three milestones and targets, EUR 367.4 million). In accordance with the methodology adopted in February 2023 in Communication from the Commission to the European Parliament and the Council – Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation, COM(2023) 99 final, 21 February 2023, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023DC0099>.

⁽⁵⁰⁾ In 2025, the Commission carried out 23 audits on milestones and targets (some of them were also combined with systems audits). These audits are carried out on a risk basis, usually covering 100% of high-risk milestones and targets, along with some medium-risk milestones and targets.

⁽⁵¹⁾ For the 3rd payment to Poland a financial reservation was introduced with a financial impact amounting to EUR 326.1 million, representing 0.72% of the total amount of non-repayable support paid in 2025.

⁽⁵²⁾ Cases of conflicts of interest detected during audits in 2024 with a financial impact amounting to EUR 16.85 million, representing 0.04% of the total amount of non-repayable support paid in 2025.

⁽⁵³⁾ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433, 22.12.2020, ELI: <http://data.europa.eu/eli/reg/2020/2092/oj>).

⁽⁵⁴⁾ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>).

Regulation ⁽⁵⁵⁾ governing several EU funds and programmes, or investigations by the European Anti-Fraud Office.

The Conditionality Regulation allows the EU to take measures to protect the EU budget, for example through the suspension of payments or financial corrections. Where the conditions set by the regulation are met, the Commission must propose that the Council adopt appropriate and proportionate measures in relation to the Member State concerned. The Council decides on the adoption of measures by qualified majority. If measures are adopted, only the Member State concerned should be affected: the relevant EU programmes should continue to be implemented, and the Member State remains bound to fulfil its obligations, including that of paying final recipients.

In 2025, the Commission continued to monitor the situation in all Member States, and protective measures remained in place as regards Hungary. Following the procedure launched in December 2022 to impose protective measures, the Commission reassessed the situation for Hungary at the end of 2023 and at the end of 2024 and concluded that the EU budget remained at the same level of risk. Therefore, the Commission did not propose any lifting or adaptation of the protective measures. In 2025, Hungary did not notify new remedial measures to address the issues identified by the Council ⁽⁵⁶⁾.

Management conclusion

The Commission ensures that the EU budget serves EU citizens. Thanks to the effective tools in place and the proactive management of the EU budget, the budget has delivered on its objectives and has helped to respond to multiple unforeseen challenges. The Commission has provided its beneficiaries, implementing partners and the Member States with the appropriate flexibility to respond to unforeseen circumstances, while ensuring sound financial management and maintaining an appropriate level of assurance on the management of the EU budget.

Flexibility and sound financial management are integral to the proposal for the post-2027 multiannual financial framework. The EU budget must continue to balance predictability for long-term investment and flexibility to respond to crises, but the current complexity and structural rigidity in the EU budget are ill-suited to a highly volatile geopolitical environment in which it is impossible to predict tomorrow's priorities today. A much more streamlined and flexible budget will be needed for the future, which will also continue to provide the predictability and stability, along with the robust financial controls, that are the foundation stones of the EU budget.

For 2025, all authorising officers by delegation have provided reasonable assurance, qualified with reservations where appropriate. The annual activity reports demonstrate that all Commission departments have put in place solid internal control systems and provide evidence of the action taken to address issues and weaknesses identified, improve cost-effectiveness, further simplify the rules and adequately protect the budget from fraud, errors and irregularities.

The internal auditor, in her overall conclusion, considered that, in 2025, the Commission had put in place governance, risk management and internal control procedures which, taken as a whole, are adequate to give reasonable assurance over the achievement of its financial objectives, with the exception of those areas of

⁽⁵⁵⁾ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, ELI: <http://data.europa.eu/eli/reg/2021/1060/oj>).

⁽⁵⁶⁾ Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary (OJ L 325, 20.12.2022, ELI: http://data.europa.eu/eli/dec_impl/2022/2506/oj).

financial management over which authorising officers by delegation have expressed reservations in their declarations of assurance.

Based on the assurances and reservations in the annual activity reports and taking into account the opinion of the internal auditor, the College of Commissioners adopts this *Annual Management and Performance Report for the EU Budget – 2025 financial year* and takes overall political responsibility for the management of the EU budget.