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DRAFT REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds
(2024/2019(DEC))

Committee on Budgetary Control

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s 2023 Annual Management and Performance Report for the EU Budget (COM(2024)401),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)1045),
- having regard to the Court of Auditors’ annual report on the implementation of the budget for the financial year 2023, together with the institutions’ replies³, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ...2025 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁴ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

Community,

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁵, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁶, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2023 / Postpones its decision on granting the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2023;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

⁵ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁶ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Climate, Infrastructure and Environment Executive Agency for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the final annual accounts of the European Climate, Infrastructure and Environment Executive Agency for the financial year 2023³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2023, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/6509, 8.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6509/oj>.

⁴ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁵ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁷, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁸, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁹, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU¹⁰,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Director of the European Climate, Infrastructure and Environment Executive Agency discharge in respect of the implementation of the Agency's budget for the

⁶ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁷ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁸ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

⁹ OJ L 297, 22.9.2004, p. 6, ELI: <http://data.europa.eu/eli/reg/2004/1653/oj>.

¹⁰ OJ L 50, 15.2.2021, p. 9, ELI: http://data.europa.eu/eli/dec_impl/2021/173/oj.

financial year 2023 / Postpones its decision on granting the Director of the European Climate, Infrastructure and Environment Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Climate, Infrastructure and Environment Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

3. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Education and Culture Executive Agency for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the final annual accounts of the European Education and Culture Executive Agency for the financial year 2023³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2023, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/6511, 8.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6511/oj>.

⁴ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁵ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁷, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁸, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁹, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU¹⁰,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Acting Director of the European Education and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year

⁶ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁷ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁸ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

⁹ OJ L 297, 22.9.2004, p. 6, ELI: <http://data.europa.eu/eli/reg/2004/1653/oj>.

¹⁰ OJ L 50, 15.2.2021, p. 9, ELI: http://data.europa.eu/eli/dec_impl/2021/173/oj.

2023 / Postpones its decision on granting the Acting Director of the European Education and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission and the resolution forming an integral part of those decisions, to the Acting Director of the European Education and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

4. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Innovation Council and SMEs Executive Agency for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the final annual accounts of the European Innovation Council and SMEs Executive Agency for the financial year 2023³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2023, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/6522, 8.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6522/oj>.

⁴ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁵ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁷, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁸, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁹, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU¹⁰,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Director of the European Innovation Council and SMEs Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year

⁶ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁷ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁸ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

⁹ OJ L 297, 22.9.2004, p. 6, ELI: <http://data.europa.eu/eli/reg/2004/1653/oj>.

¹⁰ OJ L 50, 15.2.2021, p. 9, ELI: http://data.europa.eu/eli/dec_impl/2021/173/oj.

2023 / Postpones its decision on granting the Director of the European Innovation Council and SMEs Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Innovation Council and SMEs Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2023³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2023, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/6530, 8.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6530/oj>.

⁴ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁵ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁷, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁸, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁹, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU¹⁰,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023 /

⁶ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁷ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁸ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

⁹ OJ L 297, 22.9.2004, p. 6, ELI: <http://data.europa.eu/eli/reg/2004/1653/oj>.

¹⁰ OJ L 50, 15.2.2021, p. 9, ELI: http://data.europa.eu/eli/dec_impl/2021/173/oj.

Postpones its decision on granting the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

6. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Health and Digital Executive Agency for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the final annual accounts of the European Health and Digital Executive Agency for the financial year 2023³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2023, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/6548, 8.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6548/oj>.

⁴ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁵ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁷, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁸, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁹, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU¹⁰,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Director of the European Health and Digital Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023 /

⁶ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁷ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁸ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

⁹ OJ L 297, 22.9.2004, p. 6, ELI: <http://data.europa.eu/eli/reg/2004/1653/oj>.

¹⁰ OJ L 50, 15.2.2021, p. 9, ELI: http://data.europa.eu/eli/dec_impl/2021/173/oj.

Postpones its decision on granting the Director of the European Health and Digital Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Health and Digital Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Research Executive Agency for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the final annual accounts of the European Research Executive Agency for the financial year 2023³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2023, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/6530, 8.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6530/oj>.

⁴ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁵ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁶, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁷, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁸, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁹, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU¹⁰,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Grants the Director of the European Research Executive Agency discharge in relation to

⁶ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁷ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁸ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

⁹ OJ L 297, 22.9.2004, p. 6, ELI: <http://data.europa.eu/eli/reg/2004/1653/oj>.

¹⁰ OJ L 50, 15.2.2021, p. 9, ELI: http://data.europa.eu/eli/dec_impl/2021/173/oj.

the implementation of the Agency's budget for the financial year 2023 / Postpones its decision on granting the Director of the European Research Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2023;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

8. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the ninth, tenth and eleventh European Development Funds for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the financial statements and revenue and expenditure accounts for ninth, tenth and eleventh European Development Funds for the financial year 2023 (COM(2024)0273 – C10-0081/2024)¹,
- having regard to the financial information on the European Development Funds (COM(2024)0273),
- having regard to the Court of Auditors’ annual report on the activities funded by the ninth, tenth and eleventh European Development Funds for the financial year 2023, together with the Commission’s replies²,
- having regard to the statement of assurance³ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendations of ... 2025 on discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2023 (00000/2025 – C10-0000/2025, 00000/2025 – C10-0000/2025, 00000/2025 – C10-0000/2025),
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou (Benin) on 23 June 2000⁴ and amended in Ouagadougou (Burkina Faso) on 22 June 2010⁵,
- having regard to Council Decision (EU) 2021/1764 of 5 October 2021 on the association of the Overseas Countries and territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including

¹ OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

² OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

³ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

⁴ OJ L 317, 15.12.2000, p. 3.

⁵ OJ L 287, 4.11.2010, p. 3.

Greenland)⁶,

- having regard to Article 33 of the Internal Agreement of 20 December 1995 between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention⁷,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 between Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community Aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies⁸,
- having regard to Article 11 of the Internal Agreement of 24 and 26 June 2013 between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020 in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies⁹,
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention¹⁰,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund¹¹,
- having regard to Article 50 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund¹²,
- having regard to Article 44 of Council Decision (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation (EU) 2015/323¹³,
- having regard to Rule 101 and the third indent of Rule 102 of, and Annex V to, its Rules of Procedure,

⁶ OJ L 355, 7.10.2021, p. 6.

⁷ OJ L 156, 29.5.1998, p. 108.

⁸ OJ L 317, 15.12.2000, p. 355.

⁹ OJ L 210, 6.8.2013, p. 1.

¹⁰ OJ L 191, 7.7.1998, p. 53.

¹¹ OJ L 83, 1.4.2003, p. 1.

¹² OJ L 78, 19.3.2008, p. 1.

¹³ OJ L 307, 3.12.2018, p. 1.

- having regard to the opinion of the Committee on Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0000/2024),
1. Grants the Commission discharge in respect of the implementation of the budget of the ninth, tenth and eleventh European Development Funds for the financial year 2023 / Postpones its decision on granting the Commission discharge in respect of the implementation of the budget of the, ninth, tenth and eleventh European Development Funds for the financial year 2023;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution forming an integral part of it to the Council, the Commission, the Court of Auditors and the European Investment Bank, and to arrange for their publication in the *Official Journal of the European Union* (L series).

9. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the general budget of the European Union for the financial year 2023, Section III – Commission (2024/2019(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2023¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2023 (COM(2024)0272 – C10-0067/2024)²,
- having regard to the Commission’s report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s 2023 Annual Management and Performance Report for the EU Budget (COM(2024)401),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2023 (COM(2024)0249), and to the accompanying Commission staff working document (SWD(2024)0145),
- having regard to the Court of Auditors’ annual report on the implementation of the budget for the financial year 2023, together with the institutions’ replies³, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to the Council’s recommendation of ... 2025 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2023 (00000/2025 – C10-0000/2025),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the

¹ OJ L 58, 23.2.2023, p. 1-2053, ELI: <http://data.europa.eu/eli/budget/2023/1/oj>.

² OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

³ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

⁴ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

European Union,

- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁵, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to 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 Union⁶, and in particular Articles 69, 266, 267 and 268 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes⁷, and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2023 / Postpones the closure of the accounts of the general budget of the European Union for the financial year 2023;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies and the ninth, tenth and eleventh European Development Funds;
 3. Instructs its President to forward this decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit

⁵ OJ L 193, 30.7.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/1046/oj>.

⁶ OJ L, 2024/2509, 26.09.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁷ OJ L 11, 16.1.2003, p. 1, ELI: <http://data.europa.eu/eli/reg/2003/58/oj>.

institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

10. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the ninth, tenth and eleventh European Development Funds for the financial year 2023 (2024/2019(DEC))

The European Parliament,

- having regard to the financial statements and revenue and expenditure accounts for the ninth, tenth and eleventh European Development Funds for the financial year 2023 (COM(2024)0273 – C10-0081/2024)¹,
- having regard to the financial information on the European Development Funds (COM(2024)0273),
- having regard to the Court of Auditors' annual report on the activities funded by the ninth, tenth and eleventh European Development Funds for the financial year 2023, together with the Commission's replies²,
- having regard to the statement of assurance³ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2023, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendations of ... 2025 on discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2023 (00000/2025 – C10-0000/2025, 00000/2025 – C10-0000/2025, 00000/2025 – C10-0000/2025),
- having regard to the Commission's report on the follow-up to the discharge for the 2022 financial year (COM(2024)0267),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou (Benin) on 23 June 2000⁴ and amended in Ouagadougou (Burkina Faso) on 22 June 2010⁵,
- having regard to Council Decision (EU) 2021/1764 of 5 October 2021 on the association of the Overseas Countries and territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including

¹ OJ C, C/2024/5462, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5462/oj>.

² OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

³ OJ C, C/2024/6041, 10.10.2024, ELI: <http://data.europa.eu/eli/C/2024/6041/oj>.

⁴ OJ L 317, 15.12.2000, p. 3.

⁵ OJ L 287, 4.11.2010, p. 3.

Greenland)⁶,

- having regard to Article 33 of the Internal Agreement of 20 December 1995 between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention⁷,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 between Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community Aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies⁸,
- having regard to Article 11 of the Internal Agreement of 24 and 26 June 2013 between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020 in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies⁹,
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention¹⁰,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund¹¹,
- having regard to Article 50 of Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund¹²,
- having regard to Article 48 of Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund¹³,
- having regard to Article 44 of Council Decision (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and

⁶ OJ L 355, 7.10.2021, p. 6.

⁷ OJ L 156, 29.5.1998, p. 108.

⁸ OJ L 317, 15.12.2000, p. 355.

⁹ OJ L 210, 6.8.2013, p. 1.

¹⁰ OJ L 191, 7.7.1998, p. 53.

¹¹ OJ L 83, 1.4.2003, p. 1.

¹² OJ L 78, 19.3.2008, p. 1.

¹³ OJ L 58, 3.3.2015, p. 17.

repealing Regulation (EU) 2015/323¹⁴,

- having regard to Rule 101 and the third indent of Rule 102 of, and Annex V to, its Rules of Procedure,
 - having regard to the opinion of the Committee on Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
1. Approves the closure of the accounts of the, ninth, tenth and eleventh European Development Funds for the financial year 2023 / Postpones the closure of the accounts of the ninth, tenth and eleventh European Development Funds for the financial year 2023;
 2. Instructs its President to forward this decision to the Council, the Commission, the Court of Auditors and the European Investment Bank, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹⁴ OJ L 307, 3.12.2018, p. 1.

11. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission, executive agencies, and the ninth, tenth and eleventh European Development Funds (2024/2019(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III – Commission,
 - having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2023,
 - having regard to Rule 101 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A10-0000/2025),
- A. whereas the eleventh EDF has reached its final stage as its sunset clause came into effect on 31 December 2020; whereas, however, specific contracts for existing financing agreements were signed until 31 December 2023, and the implementation of the ongoing projects funded by the EDF will continue until their final completion;
- B. whereas the ninth, tenth and eleventh¹ EDFs were not incorporated into the Union general budget and continue to be implemented and reported on separately until their closure;
- C. whereas, for the 2021-2027 MFF, development cooperation aid to ACP countries is integrated in the Neighbourhood, Development and International Cooperation Instrument – Global Europe ('NDICI-Global Europe') as part of the EU general budget, and development cooperation aid to OCTs, including Greenland, has been incorporated into the Decision on the Overseas Association;

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

- D. whereas the EDFs are managed almost entirely by the Commission's DG INTPA with a small proportion (7 %) of the 2023 EDF expenditure being managed by DG NEAR;

Political priorities

1. Underlines its strong commitment to the Union's fundamental values and principles which are enshrined in the Treaty on the European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU); in the framework of the discharge process, stresses especially the principles of sound financial management as set out in Article 317 TFEU and the combatting of fraud and protection of the financial interests of the Union as set out in Article 325 TFEU;
2. Notes that the Court of Auditors (the Court) for the financial year 2023 has issued a clean opinion concerning the reliability of the accounts and the legality and regularity of revenue; at the same time, regrets that again the Court has had to issue an adverse opinion on the legality and regularity of Union budget expenditure and a qualified opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility (RRF);
3. Deeply regrets that the overall error rate estimated by the Court has been on a rising trend since the financial year 2020 and has reached 5,6 % for the financial year 2023; notes that there are significant differences in the error rates between headings which range from spending areas with error rates below the materiality threshold of 2 % up to an error rate of 9,3 % in the case of cohesion policy; further notes that discharge is a political process where all issues related to a specific financial year may be taken into consideration and that the decision on whether to grant or refuse discharge is taken for the budget as a whole; at the same time, notes that if discharge was granted or refused heading by heading, it is unclear whether discharge could be granted for the implementation of the budget in heading 2 'Cohesion, Resilience and Values', in light of the very high error rate; strongly encourages the Commission to take into account the Court's recommendations and to reduce the overall error rate over the coming years;
4. Is concerned that the Commission and the Court have different interpretations of what the "error rate" represents, thus generating confusion; expresses its support for the audit approach and methodology of the Court and strongly calls on both institutions to find a solution to the divergent approaches; is concerned that the Commission may be systematically underestimating the existing error level and that this could lead to an ineffective protection of the financial interests of the Union;
5. Expresses its concern that the accumulated outstanding commitments (RAL - reste à liquider) have reached a record level of EUR 543 billion, equivalent to 3,2 % of total EU GDP at the end of 2023; underlines that such a record high level of outstanding commitments risks creating challenges for the future smooth implementation of extraordinary high levels of payments and/or leading to significant decommitments to the detriment of the implementation of EU policy objectives;
6. Further expresses its concern that the outstanding debt from borrowing has reached EUR 458,5 billion, equivalent to 2,7 % of total EU GDP at the end of 2023; notes that the increase in outstanding debt during 2023, equivalent to EUR 110,5 billion, has made the Union one of the largest debt issuers in Europe; further notes that the amount of outstanding debt is projected to increase further during the coming years, especially due

to increased borrowing linked to the RRF and financial assistance to a number of countries including Ukraine; notes that the increase in debt makes the Union budget more vulnerable to increases in interest rates since a part of the debt will have to be serviced and repaid by the Union budget;

7. Underlines the importance of the rule of law as one of the fundamental values of the Union and stresses that the Rule of Law Conditionality Mechanism is crucial in order to ensure that Member States continue to respect the principles of the rule of law; reiterates its deep concerns about the situation concerning the rule of law in certain Member States, which is deeply worrying in its own right and leads to serious losses for the Union budget; calls on the Commission to ensure strict and fast implementation of all elements of the mechanism when Member States breach the principles of the rule of law where this affects, or risks affecting, financial interests of the Union; at the same time, underlines the need for complete and timely information on decisions related to the implementation of the Rule of Law Conditionality Mechanism;
8. Takes note of the innovative nature of the Recovery and Resilience Facility (RRF) while underlining that any new proposals for financing mechanisms in the Union, including in the Commission's upcoming MFF proposal for the period after 2027 must not use the RRF as a blueprint, as many problems were identified in the implementation of the RRF, including, but not limited to: the lack of adequate consultation of the regional and local authorities and the lack of their involvement in the implementation; the weak cross border dimension and the questionable EU added value; the insufficient flexibility; the serious transparency, audit and control problems of the program which make it impossible for the citizens to be informed about the final beneficiaries of EU-funded actions; re-iterates the concern about the interpretation of the Commission and Member States on what a "final recipient" of RRF funding represents, which is not in line with the agreement of the REPowerEU negotiations and maintains that ministries, public authorities or other contracting authorities cannot be listed as final recipients of RRF funding; further expresses concern about the findings of the Court concerning the risk of double funding and financing of recurring budgetary expenditure which are not in line with the RRF legal basis;
9. Notes that the set-up of the NGEU mechanism implies that the repayment of NGEU loans must start before the end of 2027 and be completed by 2058 at the latest; is concerned that the increase in interest rates over the last years has increased the borrowing costs under the NGEU significantly compared with original estimates; reiterates the need to fully respect the timeline of the legally binding roadmap for the introduction of new own resources and underlines that swift progress on new own resources is essential, both for the repayment of NGEU borrowing costs and for the financial robustness and implementation of the current and future MFFs;
10. Stresses the need for significant de-bureaucratisation and simplification of Union policies and their funding in line with the recommendations in the Draghi report² in order to ease the burdens for European business and increase European competitiveness; underlines that simplification will also have a positive effect on error rates in the

² The future of European competitiveness', 9 September 2024.

implementation of policies because many errors happen because of overcomplicated rules which are difficult to navigate especially for small and medium sized enterprises (SMEs);

11. Reiterates the need to balance the further simplification of rules and procedures with better controls over the most repeated areas of irregular spending, develop training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;
12. Underlines that it is imperative for the credibility of the Union that the Commission ensures that no European funds allocated to individuals or organisations linked to any kind of terrorist movements or any other movement expressing extremist views, inciting violence and hatred, that are directly in opposition to the European Union's fundamental values, including Islamist and Anti-Israel movements; in this context, recalls that there have been credible reports that UNRWA has employed members of the terrorist organisation Hamas; underlines that the Commission should also establish controls ensuring that no such funding happens indirectly through third parties;
13. Notes that Non-Governmental Organisations (NGOs) represent an important element in a vibrant and lively democratic society, ensuring a sound basis for broad coverage of all relevant views in different debates and that NGOs may receive support from Union funds to exercise these functions; stresses however, that these general principles are being misused when Union funds are being used to generate targeted lobbying campaigns towards MEPs or other political actors in order to obtain specific political objectives; is extremely concerned by the findings of the discharge authority that EU funding, notably from the LIFE programme, has supported NGOs which engaged in lobbying activities towards the Parliament, Council or Member States, thus giving the impression that the Commission is indirectly lobbying the Parliament and potentially contradicting the principles of separation of powers and sincere cooperation; is of the opinion that the measures put in place by the Commission so far fail to address the root causes of the issue and requests that the Commission creates additional rules which distinguish between sound distribution of information and engagement in public debates and targeted lobbying of MEPs and other politicians and stops funding to NGOs that violate these rules; asks that the Commission requires that all EU-funded beneficiaries, including NGOs are obliged to publish all meetings with MEPs or MEP assistants or other representatives of other EU institutions, bodies or agencies whenever such meetings relate to ongoing EU legislative files or to the EU financing that such beneficiaries receive or apply for;
14. Welcomes the entry into force of the recast of the Financial Regulation; welcomes, in particular, the enhancements related to tracking Union funds through digital tools and interoperability that will bolster the protection of the Union Financial Interests, the targeted extension of the Early Detection and Exclusion System (EDES) to shared management following MFF 2027, the reference to the Rule of Law conditionality mechanism and Union values as enshrined in Article 2 TEU, as well as the opportunity to streamline support for small and medium-sized enterprises and individual applicants with the introduction of very low-value grants;

CHAPTER 1 - Multi-annual Financial Framework (MFF)

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

Reliability of the accounts

15. Welcomes the Court's conclusion in its annual report on the implementation of the budget for the financial year 2023¹, that the consolidated accounts of the European Union for that year are reliable; notes that the Court has issued a clean opinion on the reliability of the accounts every year since 2007;
16. Notes that on 31 December 2023, total liabilities amounted to EUR 679,9 billion, and total assets amounted to EUR 467,7 billion; notes that the difference of EUR 212,2 billion represents the negative net assets, comprising debt and the portion of expenses already incurred by the Union up to 31 December 2023 that must be funded by future budgets;
17. Notes that at the end of 2023, the estimated value of incurred but not yet claimed eligible expenses due to beneficiaries, recorded as accrued expenses, was EUR 155,2 billion (2021: EUR 148,7 billion), of which EUR 7,4 billion is related to accrued RRF expenditure;
18. Welcomes the Court's conclusion that the assets, liabilities, revenue and expenses, including those related to NextGenerationEU (NGEU), the estimate related to the UK's withdrawal process, and the impact of Russia's war of aggression against Ukraine, are presented fairly in the consolidated annual accounts;

Legality and regularity of Union revenue

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

Legality and regularity of Union expenditure

20. Regrets the adverse opinion on the legality and regularity of the Union budget expenditure issued by the Court for the fifth year in a row; considers this increasingly problematic, as the Commission seems unable, or unwilling, to identify the cause and address the underlying issues;
21. Is particularly concerned by the Court's estimation of the error level of 5,6 % in 2023 expenditure; notes that this is an accelerated deterioration compared to the previous two years (4,2 % in 2022 and 3,0 % in 2021); notes with concern that the Court continues to detect substantial issues in reimbursement-based expenditure where the estimated level of error is 7,9 %; notes that the effect of the errors found by the Court is estimated to be both material and pervasive;

¹ OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

22. Notes that the increase is primarily caused by the estimated level of error under MFF heading 2, cohesion, resilience and values, where the Court found 9,3 % of expenditure to be in breach of Union rules and regulations; recalls the underlying issues that are reported by the Court and that have been known for several years;
23. Underlines that the estimated level of error in the Union's expenditure, as presented in the Court's statement of assurance, is an estimate of the money that should not have been paid out because it was not used in accordance with the applicable rules and regulations; considers that, though not an indicator of fraud or corruption, the estimated level of error represents expenditure where corrective actions are necessary, and thus shows a wasteful use of resources; regrets that this will give a negative impression to citizens;
24. Notes that the Commission's own estimate of the risk at payment is 1,9 % for 2023 and has been at that level since 2020; notes that the Commission estimates its capacity to correct and recover irregular expenditure during implementation of the associated programmes at 1,0 %, resulting in a risk at closure of 0,9 %;
25. Notes the multi-annual perspective of the Commission's risk at closure, as corrections and recoveries after year-end are not reflected in the Court's estimate of the level of error; regrets, however, the confusion caused by the Commission's presentation of the risk at payment;
26. Recalls the positions expressed in the 2022 discharge resolution and the exchanges of views in the discharge hearings for the financial year 2023 on the diverging methodologies and estimates between the Court and the Commission of errors made in Union expenditure and expresses its support for the audit approach and methodology of the Court; notes an even wider gap between the Court's and Commission's estimates; further notes that the Commission and the Court are organising a joint workshop on this issue; notes that the Court recently aligned its methodology on procurement in the decentralised agencies with the methodology of the Commission; reiterates its support for the independent audit approach and methodology of the Court and invites the Commission to cooperate with the Court with a view to increasing harmonisation and providing for more comparable estimates of the level of error;
27. Recalls that the discharge authority needs a statement of assurance, provided by the Court, on the reliability of the accounts and the legality and regularity of the underlying transactions at year-end for its decision on discharge for that year; notes that Union spending programmes are multiannual and that their management and control systems cover multiple years, allowing for corrections and recoveries after year-end;
28. Notes that the primary responsibility for preventing and detecting fraud rests with the Commission, as the institution responsible for the management and governance of the Union budget; notes that the Court, in the exercise of its mandate, is obliged to report any cases of irregularity; notes that the Court forwards to the EPPO suspicions of criminal offences falling under its competences and to OLAF suspicions of fraud, corruption or other illegal activity affecting the Union's financial interests identified while performing its audits; notes that, in 2023, the Court reported 20 cases of suspected fraud to OLAF, and in parallel reported 12 of these cases to the EPPO, resulting so far in four OLAF investigations and nine EPPO investigations; commends the Court for its

reporting of cases of irregularity to OLAF and the EPPO, as information resulting from audit engagements usually has a high degree of reliability;

Budgetary and financial management

29. Notes that in 2023, 98,9 % of the available commitment appropriations were used (EUR 184,4 billion out of EUR 186,5 billion); notes that the available appropriations were higher than the MFF ceiling of EUR 182,7 billion due to the use of special instruments for new or unforeseen events; notes that 90,0 % of payment appropriations were used (EUR 162,0 billion of EUR 165,2 billion available);
30. Notes with concern that the total outstanding commitments, which represent future debts if not decommitted, reached an all-time high of EUR 543 billion (2022: EUR 450 billion), notes that the Commission foresees a decrease from 2025 to 2029 when committed amounts for both NGEU and the 2021-2027 programming period should be paid out; notes however that the actual amounts for 2023 (EUR 543 billion) are much higher than the forecasted amount (EUR 490 billion), calling the Commission's estimates into question;
31. Recalls that the time available for implementing shared management funds under the 2021-2027 MFF is shorter than under previous MFFs because of the n+2 for the last year, which, coupled with the high RAL, will raise the risk of decommitments; notes the Court's observation that the Commission has increased its forecasted amount of decommitments from EUR 7.6 billion for 2023-2027, to EUR 8.1 billion for 2024-2027 to EUR 8.8 billion for 2025-2027, a 15 % increase in 2 years; notes that the Commission has underestimated the RAL in the last two years, and that the Commission therefore likely underestimates the amount of decommitments that will be made until 2027; notes the introduction of the "cascade mechanism" following the mid-term review of the MFF 2021-2027 and the incentive to use decommitted amounts to cover increased interest costs for amounts borrowed by the Commission for NGEU;
32. Notes with concern that Union debt increased from EUR 344,3 billion in 2022 to EUR 458,5 billion in 2023, 60 % of which is related to NGEU; notes that only for the debt issued for NGEU, associated interest costs need to be paid directly from the Union Budget and that, due to increased interest rates, these costs for the current MFF (until the end of 2027) are estimated to be between EUR 17 billion and EUR 27 billion higher than the initially forecasted EUR 14,9 billion;
33. Notes with concern that the total exposure of the Union budget because of guarantees and contingent liabilities for loans rose to EUR 298,0 billion; notes that the Court received information from the Commission that indicates that the exposure will steadily increase in the coming years, putting additional pressure on the headroom of the budget and further reducing the flexibility of the Union Budget;

Recommendations

34. Strongly supports the recommendations of the Court in its annual report on the implementation of the budget for the financial year 2023 (annual report for the 2023

financial year)² as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;

35. Notes with concern that the Court in its Special Report 07/2024³ observed that a significant share of recovery orders issued between 2014 and 2022 were still outstanding at the time of their audit; further notes that the Commission, in its replies to the Parliament's Committee on Budgetary Control's (CONT Committee) written questions for the 2023 discharge, mentions that there are 1 357 overdue recovery orders for a total outstanding amount of approximately EUR 335 million for the period 2014-2023;
36. Calls on the Court of Auditors to:
- (i) look for ways, together with the Commission, to align their methodologies for the general budget, as in the case of procurement for the decentralised agencies, while respecting the different roles;
37. Calls on the Commission, in particular, to:
- (i) continue to engage with the Court in order to increase understanding, convergence and comparability of the two approaches to the diverging estimates of errors in Union expenditure;
 - (ii) look for ways, together with the Court, to align their methodologies as regards the evaluation of procurement errors, and the estimation of the level of error for the general budget, as in the case of procurement for the decentralised agencies, while respecting the different roles;
 - (iii) present the discharge authority with a strategy to strengthen the use of funds for their intended purpose, increase absorption and prevent decommitments in order to maximise EU-added value of the Union Budget;
 - (iv) increase the reliability of the forecast of the outstanding commitments with a more realistic estimate of the absorption of Union funds to give the discharge authority a better forecast of the development of the RAL over the years;
 - (v) present, in the Annual Management and Performance Report, a multi-annual outlook on the exposure of the Union Budget to budgetary guarantees;
 - (vi) substantially simplify rules and procedures and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies, and all other relevant stakeholders, without compromising the quality of the controls;

² OJ C, C/2024/5882, 9.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5882/oj>.

³ ECA Special Report 07/2024: The Commission's systems for recovering irregular EU expenditure – Potential to recover more and faster.

- (vii) boost efforts to improve transparency in the use of funds, including as regards information on final beneficiaries;
- (viii) re-evaluate its identification of entities as NGOs, ensuring that NGOs that approach Union institutions are registered in the transparency register; further asks the Commission to set up an effective mechanism to ensure that NGOs' activities are aligned with Union values and demand full transparency on their financing, providing a deeper insight into the financing of all entities registered and which should be the condition to approach all Union institutions, bodies and agencies;
- (ix) guarantee adequate resources for the secretariat of the Transparency Register in order to ensure that the entries on the lobbying activities of interest groups, lobbies and NGOs can be checked for accuracy and that lobbying becomes more transparent;
- (x) require NGOs to list their financial supporters by self-declaring that they are only representing their interests or the collective interests of their members and to require all NGOs to list their financial supporters in the EU Transparency Register, even if they state in that register that they are only representing the interests of their own members (as observed by the Court in Special Report 2024 on the EU Transparency Register that 34 % of NGOs (1207 NGOs) made entries in the Transparency Register avoid this);
- (xi) continue to support Member States in improving both the quality and the quantity of checks and to share best practices in the fight against fraud;
- (xii) improve the situation concerning recovery orders and work on the implementation of corporate escalation mechanisms;

Revenue

38. Welcomes that for 2023, the Court is also able to issue a clean opinion on the legality and regularity of revenue; at the same time, stresses that the problems with customs duties not being declared or being incorrectly declared (a customs gap) leading to a shortfall in collected import duties has been a persistent problem for many years and could potentially entail a loss of traditional own resources for the Union and for the Member States;
39. Notes with serious concern that the Court has examined the implementation of the Commission's Customs Action Plan, which has the potential to lead to a significant reduction of the customs gap, and has again identified insufficient progress in the implementation of some actions from this plan; notes that the Commission, as part of this plan, proposed a customs reform in May 2023⁴ including the establishment of the EU Customs Authority and EU Customs Data Hub;
40. Notes with concern that the Court revealed that the Commission did not charge late

⁴ COM(2023) 258.

interest payments for six cases related to late corrections to GNI data by Member States where the Commission has expressed reservations; agrees with the Court that the Commission, as a matter of principle, ought to charge late interest payments in such cases in order to create an incentive for Member States to address the reservations within the deadlines;

41. Notes with satisfaction that the new own resource based on non-recycled plastic packaging waste generated by Member States in 2023 amounted to EUR 7,2 billion, equivalent to 4,0 % of the EU's total revenue; further notes that the Court identified⁵ some problems related to the reliability and comparability of data; stresses that it provides an excellent example of a new own resource, as it creates positive incentives for Member States to reduce the volume of non-recycled plastic packaging while at the same time generating a new revenue stream for the Union;
42. Stresses that the Commission's proposals concerning new own resources from 2021 comprising three elements, the first based on revenues from emissions trading (ETS), the second drawing on the resources generated by the EU carbon border adjustment mechanism, and the third based on the share of residual profits from multinationals that will be re-allocated to EU Member States under the OECD/G20 agreement on a re-allocation of taxing rights ("Pillar One") are obvious candidates for such new resources; at the same time, points out that other sources might also be considered if they should prove to be easier for Member States to approve;
43. Calls on the Commission, in particular, to:
 - (i) increase focus and pressure on the implementation of the Customs Action Plan and not least the proposal for a significant customs reform from May 2023, including the establishment of the EU Customs Authority and EU Customs Data Hub;
 - (ii) create incentives for Member States to address reservations related to corrections of GNI data by Member States within the deadlines by charging late interest payments;
 - (iii) continue work towards the introduction of additional new own resources;

Single market, Innovation and Digital

44. Notes that the budget for the programmes under MFF heading 1 'Single Market, Innovation and Digital' was EUR 25,3 billion (13,2 % of the Union budget) distributed as follows: EUR 15,3 billion (60,5 %) for Research, EUR 4,1 billion (16,1 %) for Transport, Energy and Digital, EUR 2,3 billion (9,1 %) for the InvestEU Programme, EUR 2,2 billion (8,7 %) for Space, and EUR 1,4 billion (5,6 %) for other areas;
45. Notes that the Court has examined 127 transactions covering the full range of spending under this MFF heading, notably the Horizon 2020 programme (90 transactions),

⁵ ECA Special Report 16/2024: EU revenue based on non-recycled plastic packaging waste – A challenging start hindered by data that is not sufficiently comparable or reliable.

Horizon Europe (7 transactions), the Connecting Europe Facility (CEF), space programmes and financial instruments, and also that it has reviewed the European Climate, Infrastructure and Environment Executive Agency's (CINEA) ex ante control system for CEF grants in the transport and energy sectors and the regularity information given in the annual activity reports of the Directorate-General for Research and Innovation (DG RTD) and the European Health and Digital Executive Agency (HaDEA);

46. Notes that the Court estimates that the level of error in spending on 'Single Market, Innovation and Digital' in 2023 was material at 3,3 %; notes the Court's observation that research and innovation expenditure is most affected by error, particularly in the area of personnel costs; further notes that the Commission estimates the risk at payment as 1,4 % for this heading, which is in the lower half of the range of the Court's estimate; is concerned by the Court's conclusion that the Commission's risk at payment for this heading is an underestimate;
47. Notes with concern that 39 (31 %) of the 127 transactions that the Court examined contained errors; is deeply concerned that for seven cases of quantifiable errors made by beneficiaries, the Commission (or the auditors contracted by the beneficiaries) had sufficient information to prevent, or to detect and correct the error before accepting the expenditure, and thus, had the Commission made proper use of all the information at their disposal, the estimated level of error for this chapter would have been 1,4 percentage points lower; highlights that this points to weaknesses in the Commission's controls;

Research and innovation

48. Highlights the importance of EU research and innovation (R&I) funding programmes for the scientific, societal, economic and technological development of the Union, reducing inequalities, achieving the green and digital transitions and decreasing the Union's energy dependency on Russia; recalls that Horizon Europe is the most significant research and innovation programme in Europe, with a total budget of EUR 95,5 billion for 2021-2027, including EUR 5,4 billion from the NGEU instrument; notes that the RRF has allocated around EUR 48 billion in investments to R&I;
49. Notes that its predecessor, Horizon 2020, with a budget of EUR 75,6 billion funded more than 35 000 projects between 2014 and 2020 and its calls attracted over a million individual applications from 177 countries; further notes that in her hearing for the 2023 discharge, Commissioner Ivanova underlined the EU added value of EU R&I funding programmes, explaining that the final evaluation of Horizon 2020 estimated that, for each euro of costs linked to the programme five euros worth of benefits would be generated for society by 2040; deeply regrets that 74 % of proposals assessed as high quality by independent experts could not be funded due to budget constraints; notes that an additional EUR 159 billion would have been needed to fund all high-quality proposals; stresses the importance of ensuring sufficient funding for EU research and innovation, not the least to increase the Union's competitiveness and prosperity, in line with the EU strategic agenda for 2024-2029;
50. Notes the late adoption of the Horizon Europe legal bases in 2021 and welcomes that the Commission managed to reach close to 100 % budget implementation in 2023; notes

that the number of grant agreements signed by the end of 2023 was 10 674 and a further two framework agreements were signed;

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

Energy, Transport and Digital

54. Highlights the importance of EU investments in the development of high performing, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services and notes that the Connecting Europe Facility (CEF), with EUR 4,1 billion of expenditure in 2023, is a key EU instrument in delivering these objectives;

55. Notes with concern that the Court found two errors in CEF projects in its 2023 sample, and that one of these relates to a serious breach of EU public procurement rules, and has led to the contract being awarded to a consortium that did not fulfil the selection criteria and that this error contributed 28 % to the estimated error rate for heading 1;
56. Is deeply concerned by the Court's findings in relation to the European Climate, Infrastructure and Environment Executive Agency's (CINEA) ex ante control system for CEF grants in the transport and energy sectors, in particular the Court's conclusion that while the strategies for both CEF1 (2014-2020) and CEF2 (2021-2027) are based on a sound analysis of risks and past irregularities, the guidelines for ex-ante checks on procurement were not detailed enough; fully supports the Court's recommendation that the Commission should further develop these guidelines;

Recommendations

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

Cohesion, Resilience and Values

58. Notes that the budget for the programmes under MFF heading 2 'Cohesion, resilience and values' was EUR 73,3 billion (38,4 % of the Union budget) distributed as follows: 47,8 % for the European Regional Development Fund (ERDF) and other regional operations, 18,9 % for the European Social Fund (ESF), 9,8 % for the Cohesion Fund (CF), 3,8 % for Erasmus+, 2,1 % for CEF Transport, and 3,8 % for other areas;
59. Notes that the Court has examined a sample of 238 transactions covering the full range of spending under MFF Heading 2; notes with concern that the Court's estimated

overall level of error in expenditure under this heading in 2023 increased to 9,3 %, which is significantly above the materiality threshold; draws attention to the marked increase in the overall level of error estimated by the Court in 2023 compared to previous years (6,4 % in 2022, 3,6 % in 2021);

60. Is concerned about the Court's observation that the significant additional resources made available under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), the approaching end of the eligibility period for 2014-2020 programmes (31 December 2023), and parallel implementation of the NGEU programme have put additional pressure on Member State's administrations, increasing the risk of errors; is in particular concerned by the practice of reducing Member States' co-funding, as is the case under REACT-EU, the Coronavirus Investment Initiative (CRII) and CRII+, which reduces the ownership and associated incentives for properly overseeing expenditure; notes from the Commission replies the acknowledgement that some authorities may have carried out less effective controls and verifications due to the heavy overload and increasing pressure of parallel implementation of 2014-2020 programmes and of additional funding under NGEU;
61. Notes the Court's analysis of transactions with additional funding through REACT-EU and flexibility through CRII+ and Cohesion's Action for Refugees (CARE) and their contribution to the estimated levels of error; notes in particular the conclusion that errors found in 100 % EU-funded priorities contributed 5,0 % to the total estimated level of error of 9,3 %; is concerned that increasing flexibilities, without either decreasing requirements or increasing preventive checks and controls at the same time, contributed to the high error rate;
62. Notes the Court's Review 03 "An overview of the assurance framework and the key factors contributing to errors in 2024-2020 cohesion spending" which provides a multi-annual overview covering six years of audit results, including an assessment of management and control issues, aiming to strengthen the assurance model; is concerned by the Court's conclusion that the assurance framework for cohesion policy has not been effective in bringing the overall level of error below the materiality threshold of 2 %;
63. Notes the Court's observation in its review on the reliability of the work of key actors in the control system for cohesion policy; is concerned by the Court's finding that during a 6-year period managing authorities, the first line of defence for detection and prevention of errors, are not sufficiently effective in mitigating the inherent high risk of error in cohesion policy; considers it even more worrying that the Court found that the second line of defence, the Member States' audit authorities, are not able to determine the correct error rate for the packages of expenditure they audit and provide assurance on, since the Court detected additional errors in at least 39 % of these packages; notes that these errors have been detected and reported by the Court annually for more than 6 years and that there is therefore a systemic issue;
64. Notes the Court's categorisation of errors found in cohesion expenditure, with ineligible expenditure accounting for 29 %, ineligible costs for 26 % and serious non-compliance in public procurement procedures accounting for 21 % of errors and ERDF and CF related expenditure accounting for the largest share of errors (80 %); notes that expenditure under the ESF+, YEI and FEAD are proportionally less affected by error, as

they together account for 16 % of errors, while they together account for around 20 % of the budget under this heading;

65. Notes the study commissioned by the Committee on Budgetary Control on ‘Lessons learned from the implementation of crisis response tools’ that shows that absorption of uncommitted cohesion resources was supported by the flexibilities introduced under CRII and CRII+; is concerned by the finding of the researchers that quality of fast-tracked projects might not have reached the same level as investments before the pandemic; is further concerned by the researchers’ observation that the risk of low-quality projects is entirely borne by the Union Budget, because of 100 % EU-funding in CRII, CRII+ and REACT-EU; considers that 100 % EU-funding might help absorption, but that absorption is not a goal in itself;
66. Notes the public discussions on the post-2027 multiannual financial framework that may indicate a shift towards a performance-based model, coupling investments and reforms, and a desire to simplify rules and procedures; warns that any decision on the future design of spending programmes must not be to the detriment of oversight and control of Union expenditure in terms of transparency and information at Union level about non-compliance with rules and regulations; considers that the errors identified by the Court and the way the Commission handles those errors are also an indication of a properly functioning management and control system and notes that both institutions stated their commitment to improve the system and bring down the error rate;
67. Notes, as in previous years, the Court’s observation that the Commission’s desk reviews, to review and assess the work of audit authorities, are aimed at checking only consistency of regularity information, and that they are therefore too limited to confirm the residual error rate reported by the national authorities in their assurance packages; notes the Commission’s reply that it complements its desk review with on-the-spot audit work covering the programmes and assurance packages, which enables it to establish a reasonable and fair estimate of the error rates for each programme; considers that the Court’s observation is about the scope of the desk reviews and the fact that they are only aimed at consistency and therefore too limited to provide the Commission with information that is sufficiently reliable;
68. Is concerned about the persistent shortcomings observed by the Court in the work of national audit authorities as visible in the weaknesses identified in the assurance packages, with a residual error rate above the materiality threshold for more than 60 % of the value of assurance packages audited in 2023; stresses with concern that managing authorities consistently do not effectively succeed in preventing or detecting irregularities in expenditure declared by beneficiaries and that this reduces the extent to which the Commission can rely on their work;
69. Considers that for the single audit approach to work well, and in order to achieve reduced administrative burden for beneficiaries and managing authorities, adherence to audit standards at all levels of control and audit is of essential importance; is therefore worried by the Court’s finding in its annual report that essential supporting documents about compliance with eligibility conditions were not presented by programme authorities and beneficiaries, and also by the finding by the Court presented in its review that insufficient documentation of audit work from audit authorities limits the reliance that can be placed on audit work of national audit authorities;

70. Recalls that following Article 15 of Regulation (EU) 2021/1060 of the European Parliament and of the Council⁶ (CPR) for the programming period 2021-2027, Member States need to comply with horizontal and thematic enabling conditions, which need to remain fulfilled and respected throughout the implementation period of the funds; recalls that when enabling conditions are not fulfilled at the time of submission of a payment application to the Commission for the specific objective concerned, the related expenditure will not be reimbursed from the Union budget until the Commission is satisfied that the enabling condition has been fulfilled; recalls the strong regrets of the discharge authority with the Commission decision of 13 December 2023⁷ considering that Hungary fulfilled the horizontal enabling condition related to judicial independence that enabled the Hungarian authorities to submit reimbursement claims of up to EUR 10.2 billion; reiterates its worries about the lack of adequate control mechanisms or unreliable public procurement procedures to guarantee sound financial management and the protection of the Union budget;
71. Recalls that Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council⁸ (the ‘Conditionality Regulation’) establishes a mechanism and measures to protect the Union Budget from breaches of the rule of law when other procedures set out in Union legislation would not protect the budget more efficiently; recalls that this mechanism was activated on 15 December 2022 in the case of Hungary over concerns related to its system of public procurement, resulting in a temporary suspension of 55 % of budgetary commitments for three cohesion policy programmes; recalls that the same regulation, in line with Article 6 of Council Regulation (EU, Euratom) 2020/2093⁹ (the ‘MFF Regulation’), stipulates that suspended commitments of 2022 (year n), may not be re-entered into the budget beyond 2024 (year n+2) and that therefore 55 % of commitments from 2022, around EUR 1 billion, was decommitted in December 2024; notes that no other procedures under the Conditionality Regulation are ongoing;
72. Reiterates the need to treat as a single, integral package all the measures required for the release of Union funding under the Conditionality Regulation, the CPR and Regulation (EU) 2021/241 of the European Parliament and of the Council¹⁰ (the ‘RRF

⁶ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159; ELI: <http://data.europa.eu/eli/reg/2021/1060/oj>).

⁷ Commission Decision of 13.12.2023 on the reassessment, on the Commission’s initiative, of the fulfilment of the conditions under Article 4 of Regulation (EU, Euratom) 2020/2092 following Council Implementing Decision (EU) 2022/2506 of 15 December 2022 regarding Hungary, C(2023)8999.

⁸ 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 433I, 22.12.2020, p. 1; ELI: <http://data.europa.eu/eli/reg/2020/2092/oj>).

⁹ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I, 22.12.2020, p. 11; ELI: <http://data.europa.eu/eli/reg/2020/2093/oj>).

¹⁰ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17; ELI: <http://data.europa.eu/eli/reg/2021/241/oj>).

Regulation’); stresses the importance of the protection of the Union financial interests also for disbursement of pre-financing;

73. Is further concerned about the re-packaging of investments which would have been eligible for financing under cohesion to the National Recovery and Resilience Plans, thus casting doubts about the real added value of the RRF; further draws the attention of the increasing risks of double funding emerging from such situations;
74. Expresses its preoccupation about the visible delays in implementation of cohesion policy in Member States and the lack of capacity of national administrations to deal in parallel with different spending programmes (e.g. cohesion programmes and RRF programmes) covering complementary or even similar objectives; calls on the Commission to ensure that sufficient technical assistance is provided to Member States facing difficulties in order to address existing delays in the implementation of cohesion programmes;

Recommendations

75. Calls on the Commission to:
 - (i) re-consider the practice of 100 % EU funding in EU crisis response instruments, where increasing pre-financing might provide faster availability of funds, while maintaining a shared financial budgetary control responsibility in implementation of the funds by maintaining financial involvement from both national and Union level;
 - (ii) ensure selection of qualitatively good projects with cohesion policy funds by favouring long-term investments, and duly justifying 100 % EU funding while limiting its application;
 - (iii) address the systemic issue of non-detection of errors at Member State level in cohesion policy spending with an action plan, aimed at reporting an accurate error rate in assurance packages, and detection of errors at the first lines of defence by making available more, and/or better targeting existing resources and increase detection capacity at Member State and Commission level;
 - (iv) calculate and report to the discharge authority the cost of control for all expenditure handled by national authorities concerning cohesion policy funds, and NGEU, and compare these figures with the cost of control when only Cohesion policy funds were handled by the same authorities;
 - (v) address the recurrent issue of insufficient documentation at beneficiary, programme authority and audit authority level, not only through checks, awareness raising and information on requirements, but also through increased digitalisation and where possible, through financial incentives to penalise non-respect of the requirements for sound financial management;
 - (vi) consider expanding the scope of its desk review of assurance packages to review more quality criteria in addition to consistency to make a reliable estimate of the residual error rate for the assurance package under review, as well as of the risk at payment as a whole;

- (vii) step-up its monitoring of the horizontal and thematic enabling conditions in all Member States to identify potential threats for the protection of the Union Budget;
- (viii) closely align the rule of law report with the Conditionality Regulation and report in more detail on the breaches of the principles of the rule of law that can be used as input to trigger the Conditionality Regulation;
- (ix) provide Member States with increased technical assistance in order to address delays in the implementation of national programmes;
- (x) closely monitor and mitigate the risk of double funding between cohesion programmes and RRF funding and address any such occurrences without delay;
- (xi) further enhance simplification in the implementation of cohesion programmes and work closely with Member States to identify best practices regarding the digitalisation of practices and procedures;
- (xii) take all necessary measures to bring down the error rate in close cooperation with the Court of Auditors;

Natural resources

76. Notes that the budget for the programmes under MFF heading 3 ‘Natural resources’ was EUR 59,5 billion (31,1 % of the Union budget) distributed as follows: 65,0 % for direct payments under the European Agricultural Guarantee fund (EAGF), 27,6 % for the Agricultural Fund for Rural Development (EAFRD), 4,2 % for market-related expenditure under the European Agricultural Guarantee Fund (EAGF), 1,9 % for Maritime and Fisheries, 0,9 % for Environment and Climate (LIFE), and 0,4 % for other areas;
77. Notes that the Court has examined a sample of 218 transactions covering the full range of spending under this MFF heading; notes that the Court also examined the regularity information given in the annual activity reports of the Directorate-General for Agriculture and Rural Development (DG AGRI) and the Directorate-General for Climate Action (DG CLIMA), as well as selected systems in 20 Member States and the United Kingdom; notes that the Court estimates the level of error for ‘Natural Resources’ to be 2,2 % (2,2 % in 2022) and that the majority of the errors found affected rural development transactions;
78. Notes that the Court found 16 quantifiable errors in rural development, 15 in direct payments, three in expenditure related to market measures, and three in non-CAP expenditure; is reassured by the Commission’s assessment that most errors concern clerical mistakes and by the actions taken by the Commission to prevent errors in the future;
79. Notes the categorisation of errors by the Court, with ineligible claims accounting for 35 % of the errors, and administrative errors and inaccurate information on areas or animals for 21 % and 20 % respectively; notes with concern, that as in previous years, that the Court found in several cases that the Member State authorities and the Commission had sufficient information to prevent, or to detect and correct the error before accepting the expenditure and that, had the Member State authorities and the

Commission made proper use of all the information at their disposal, the estimated level of error for this chapter would have been 1.0 percentage point lower;

80. Notes that 2023 was the first year of the CAP 2023-2027 new delivery model, which integrates performance elements, agreed with the Member States in Strategic Plans, as basis for payments; notes that 2023 was a modest start of the new delivery model, EUR 63,65 million declared on the basis of generated outputs and therefore subject to a 'performance clearance' by DG AGRI out of EUR 215,52 million declared under the CAP Strategic plans under sectoral interventions and rural development; notes that in 2024 payments under the new delivery model will have increased substantially; notes the Court's observations as regards processing performance data for the Annual Performance Reports where Member States are in the process of setting-up systems and procedures and at times manually aggregate data, with associated risks for the reliability of data;
81. Recalls the farmers' protests across Europe towards the end of 2023 and early 2024 and the Commission's response aimed at simplification, in particular for small farmers, and increasing discretionary powers for Member States; commends the Commission for its targeted approach, especially concerning the distinction between farm size in terms of agricultural land and number of farms; cautions that discretion given to Member States should also be accompanied by thorough oversight by the Commission;
82. Recalls that both the Commission and Member States are responsible for addressing fraud in CAP spending; welcomes in that regard the work done in terms of anti-fraud risk assessments and the update of its anti-fraud strategy by DG AGRI;
83. Notes the Court's Special Report 07/2024 on the Commission's systems for recovering irregular expenditure, and the Commission's reply; notes the Court's observation that recoveries concerning agricultural expenditure have been relatively successful, attributed in part to the so-called 50-50 rule that incentivised Member States to recover funds; notes that this rule has not been retained in the 2023-2027 CAP and the Court's warning that this might lead to a deterioration of the rate of recovery for agricultural expenditure;
84. Notes the Court's Special Report 20/2024 on Common Agriculture Policy Plans and the Commission's reply; notes the Court's conclusion that the Plans for 2023-2027 are greener than in the previous CAP period; is however concerned that key elements for assessing green performance are missing; considers that plans need to account for specific situations in specific Member States and that therefore a certain level of divergence is even desirable, is however worried that divergence in ambitions may mean that there is no level playing field for farmers across Member States; is further disappointed by the Court's finding that although the new monitoring framework has been simplified, the CAP objectives lack clarity and indicators focus on outputs rather than results, and that important result indicators are missing; considers this a common problem with the ongoing efforts to introduce performance-based instruments by the Commission;
85. Notes the Court's Special Report 19/2024 on Organic farming in the EU, and the Commission's reply; is once more worried by the Court's finding that a weak strategic framework and data constraints prevent the measurement of the impact of the policy;

considers that the increased focus on performance and definition of targets and indicators, and the related monitoring of results across EU policies needs to be supported by an equal increase of the Commission's capacity to define performance frameworks and monitor performance;

86. Expresses its deep concern on several grant agreements concerning operating grants between the Commission's Climate, Infrastructure and Environment Executive Agency (CINEA) and civil society organisations, including NGOs, and networks of non-profit making entities under the LIFE programme; notes that some of these agreements include in their description of proposed activities advocacy actions or lobbying (such as providing voting recommendations), towards Commission services and/or (Members of) the European Parliament and other EU Institutions or their representatives; considers that this practice gives the impression that the Commission explicitly pays these entities and organisations to influence decision making and may contradict the principle of separation of powers between EU Institutions;
87. Notes the actions taken by the Commission to address the concerns raised by the discharge authority, that include the issuance of guidance for Commission services and a requirement to screen their contract portfolios to determine which agreements are not in line with the guidance; is deeply concerned about the time delay between the moment the CONT Committee made the Commission aware of the issue in February 2024 and the moment when action was finally taken; considers that the measures adopted so far by the Commission are not sufficient to mitigate the risks outlined by the discharge authority since the guidance issued by the Commission does not prevent beneficiaries to use EU funds to lobby or influence the Union legislative process; notes that the guidance mentions a non-exhaustive list of activities that can be performed by supported entities; notes that the Commission considers that these activities should not be included in grant agreements to indicate that beneficiaries are required to undertake specifically more detailed activities directed at EU Institutions and some of their representatives as that may entail a reputational risk; believes that the explicit exclusion of certain activities from grant agreements does not necessarily mean that such activities will not be performed with the support of EU funds;
88. Notes that the Commission has performed a legal analysis of the problematic grant agreements identified by the CONT Committee, which concluded that there was no evidence that the entities concerned had breached their contractual or code of conduct obligations; considers that the actions undertaken by the Commission are indeed focused on mitigation of the reputational risk, but do not address the overall issues outlined by the Parliament; notes reports in the media that several entities have been approached by the Commission to make amendments to the grant agreements that contain the specific provisions that create a reputational risk, but believes that the mere amendments of such agreements do not mitigate the risks of continued use of EU funds for lobbying activities directed at the European Parliament;
89. Expresses concern about the decision making structure including the evaluation board within CINEA for deciding on contracts between the Commission and NGOs; urges the Commission to change the decision-making structure of CINEA for deciding on contracts to be awarded including clear accountability, clear responsibilities and a practical structure;

90. Expresses deep concern that the content of the problematic contracts between the Directorate-General for Environment (DG ENV) and some NGOs were not uncovered by the internal audit capacity of DG ENV and also not noticed by the Internal Audit Service (IAS) of the Commission;
91. Notes reports in the media that the President of the Commission hired a paid special adviser to deliver a report on the “Strategic Dialogue on the Future of EU Agriculture” who received a salary equal to a Director-General in the Commission; is concerned by the remuneration of special advisers and the discretion the Commission has in deciding their remuneration, which creates arbitrary inequalities;

Recommendations

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

agreements that call for explicit actions to lobby members of the discharge authority; with the necessary independent assurance on its reliability by the IAS;

- (viii) immediately suspend or cancel grant agreements with NGOs which are in violation of the financial rules of the Union and to supplement the Commission guidance with concrete proposals for avoiding that EU funding is used to actively lobby EU Institutions, such as self-declarations; welcomes the announcements made by the new Commission in this regard;
- (ix) further develop its internal guidance related to grant agreements containing specific lobbying activities;
- (x) revise the Memorandum of Understanding between CINEA and DG ENV *“Inter-institutional single framework contracts, in two lots, for the provision of support for the monitoring of LIFE projects (action grants and operating grants), communication about the LIFE programme and other related activities”* to include a clearer division of responsibilities when awarding contracts;
- (xi) let the audit structure, including DG ENV unit A4, systematically review contracts with NGOs and DG ENV/CINEA and to flag problematic contracts immediately;
- (xii) have the IAS systematically review contracts between the Commission and NGOs, specifically to search for problematic content within work packages;
- (xiii) make structural and staff changes with DG ENV, in particular to the decision-making structure in the areas of the awarding of contracts;
- (xiv) adopt more precise categorisation of entities listed in the Financial Transparency System (including through a clear differentiation between NGOs and NFPOs);
- (xv) consider reviewing its rules for special advisers to remove the arbitrary selection and remuneration;
- (xvi) further enhance simplification in the implementation of programmes and work closely with Member States to identify best practices regarding the digitalisation of practices and procedures;

Migration and Border management

93. Notes that in 2023 the budget for the programmes under MFF heading 4 ‘Migration and Border Management’ was EUR 2,7 billion (1,4 % of the Union budget spending) distributed as follows: 1,2 billion (46,5 %) for three decentralised agencies, the European Boarder Coast Agency (FRONTEX), the European Union Agency for Asylum (EUAA) and the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (EU- LISA); 1 billion (38,6 %) for the Asylum, Migration and Integration Fund (AMIF), and 0,4 billion (14,9 %) for the Integrated Border Management Fund (IBMF);

94. Notes that in 2023 a significant portion of the spending under MFF heading 4 still concerned the completion of projects remaining from the 2014-2020 MFF; notes that 18 % of AMIF national programmes for 2014-2020 remained undeclared at the end of 2023 and that the last annual accounts and the request for payment of the final balance for these funds will be provided by the Member States as part of the closure package by 31 December 2024 at the latest;
95. Notes that the Court examined a sample of 23 transactions, which is not large enough to be representative of the spending under MFF headings 4 and 5 and, thus, it cannot provide a separate estimate of the error rate for these headings; further notes that the Court's audit results show that the expenditure under MFF headings 4 and 5 is affected by eligibility and procurement issues and that it is a high-risk area (7 out of 23 transactions audited, i.e. 30,4 %, were affected by errors); is concerned that the Court detected four quantifiable errors which had a financial impact on the amounts charged to the Union budget and that it also found further ten cases of non-compliance with legal and financial provisions (which had no direct financial impact on the Union budget); therefore, invites the Court to provide a clear estimate of the error rate for heading 4; notes that the Commission concludes that the risk at payment in 2023 is 1,1 % for the expenditure on migration and border management;
96. Notes that the Commission has accepted the Court's recommendation made in its annual report for 2023 to provide further guidance on applicable rules to the Member State authorities responsible for implementing DG HOME funding via shared management; regrets that the Commission has not yet fully implemented the Court's previous recommendations that were due to be addressed by the end of 2023; notes that DG HOME is undertaking a reassessment of its ex-ante methodology to ensure the respect of the rules applicable to post-2021 generation of grants, and that this reassessment will also address the Court's relevant recommendations and those of the IAS audit on the preparedness for closing actions and programmes funded under the Internal Security Fund (ISF) and the AMIF 2014-2020 through direct and shared management;
97. Notes with concern that two reservations on the declaration of assurance were issued in DG HOME's Annual Activity Report for 2023 and that one reservation concerns the implementation of AMIF and ISF 2014-2020 in several Member States and the other reservation concerns the implementation of Border Management and Visa Instrument (BMVI) 2021-2027 in one Member State; welcomes the Commission's commitment to take remedial measures for the underlying issues that necessitated the reservations;
98. Welcomes the progress identified by the Court in its review of the preparatory work done by five member state audit authorities in managing the transition of the AMIF, BMVI and ISF funds to the CPR of the 2021-2027 MFF; observes that these audit authorities reported to the Court that the support and guidance DG HOME provided to them was satisfactory; notes with concern that at the time of the Court's audit four out of five -Member State audit authorities had not finalised their audit strategies;
99. Welcomes the new Pact on Migration and Asylum, for which political agreement was reached in 2023, and further welcomes that the mid-term revision of the Multiannual Financial Framework 2021-2027 allocated an additional EUR 2 billion to migration and

border management for 2024-2027 to address the growing challenges in migration and border management resulting from the current geopolitical context;

100. Recalls that securing the Union's external borders is a pillar of the Pact on Migration and Asylum; notes with concern that the Commission reported that the number of irregular border crossings in the Union increased in 2023 to 380 000, compared to 330 000 in 2022; underlines the need to better protect vulnerable people from smuggling and trafficking networks and to address the negative effects of the instrumentalisation of migrants as part of hybrid attacks, notably by pro-Russian forces; observes that the AMIF and the BMVI can support Member States in reinforcing their border protection capabilities, including physical infrastructure, buildings, equipment, systems and services required at border crossing points;
101. Notes the Court's conclusion that the AMIF 2014-2020 was performing below expectations in terms of facilitating returns of migrants: also takes note of the fact that the Court and the Commission agree that progress in this area was particularly affected by COVID-19-related travel restrictions; further notes that in 2023 return measures were supported with EUR 29,8 million from the AMIF; looks forward to receiving consolidated information in 2025 on progress in this regard through the ex-post evaluation AMIF 2014-2020;

Recommendations

102. Calls on the Commission to:
 - (i) address the Court's recommendations in a thorough and timely manner and share DG HOME's revised ex-ante methodology, once completed, with the discharge authority;
 - (ii) continue to support the Member State managing and audit authorities in the timely finalisation of their audit strategies for MFF 2021-2027 funds, paying particular attention to eligibility and procurement issues, as well as all other recurrent findings of the Court;
 - (iii) take action to improve the performance of EU-funded actions in terms of effective returns and combatting irregular migration, while ensuring the full respect of the fundamental values of the Union in the process;

Security and Defence

103. Notes that in 2023 the budget for the programmes under MFF heading 5 'Security and Defence' was EUR 1,4 billion (0,7 % of the Union budget spending) distributed as follows: 500 million (38,4 %) for the European Defence Fund (EDF), 300 million (19 %) for military mobility, 200 million (17,1 %) for decentralised agencies, namely the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), Europol and European Union Agency for Law Enforcement Training (CEPOL), 200 million (13,1 %) for the ISF, and 200 million (12,4 %) for nuclear safety, decommissioning and other areas;
104. Notes that in 2023 a significant portion of the spending under MFF heading 5 still concerned the completion of projects remaining from the 2014-2020 MFF; notes that

25 % of ISF national programmes for 2014-2020 remained undeclared at the end of 2023 and that the last annual accounts and the request for payment of the final balance for these funds will be provided by the Member States as part of the closure package by 31 December 2024 at the latest;

105. Notes with concern that, for the reasons explained in the section on migration and border management, the Court cannot provide a separate estimate of the error rate for MFF heading 5 'Security and Defence' and that, based on its audit results, the Court considers expenditure from this heading to be high-risk; therefore, invites the Court to provide an estimate of the error rate for this heading as well; notes that the Commission concludes that in 2023 the risk at payment was 0,5 % for the expenditure on security and defence;
106. Observes that the Commission has not accepted the Court's recommendation to carefully check and document the technical aspects of military mobility grant applications to the Connecting Europe Facility (CEF) during the grant award procedure and that the Commission considers that its current processes already ensure a check on whether dual-use infrastructure projects meet the eligibility conditions;
107. Recalls the highly unstable geopolitical situation in the Union's neighbourhood giving rise to greater security and defence challenges since the beginning of Russia's war of aggression against Ukraine; regrets that the Union's current budget for ensuring the security and defence of its citizens is not equal to the challenges to be met either in the short or the long term; notes that in 2023 EU funding in support of the defence industry came exclusively from the EDF; welcomes that submissions to the 2023 EDF calls increased by 72 % compared to the previous year; notes that under the 2023 calls, the Union committed EUR 1,15 billion for 61 defence R&D projects, benefiting 581 legal entities from 26 Member States and Norway;
108. Welcomes the Commission's actions to enhance support for small and medium-sized enterprises (SMEs) in the defence sector, in particular appreciates that the EU Defence Innovation Scheme (EUDIS), which provides a diverse range of instruments tailored to support SMEs within the defence ecosystem, became fully operational in 2023, with EUR 224 million allocated to it from the EDF budget; notes that in the 2023 EDF calls, 42 % of the entities selected for funding were SMEs, an increased share compared to 2022 (38,2 %), and that 18 % of the total funding available through the EDF calls is allocated to SMEs;
109. Recalls that the Preparatory Action on Defence Research (PADR) was a precursor programme of the EDF with a budget of EUR 90 million that funded 18 research projects selected following calls for proposals in the years 2017 to 2019; further recalls that the Court, in its Special Report 10/2023 'The Preparatory action on defence research', has observed that the Union still lacked a long-term strategy for the projects under the EDF, particularly in terms of impact, additional research, development, manufacturing and procurement; welcomes that the Commission has accepted all of the Court's recommendations and has confirmed that their implementation is ongoing; nevertheless, in view of the geopolitical realities the Union faces, is concerned that the full implementation of the Court's recommendations is expected only in 2026;

110. Recalls the Court's observations in its Special Report 10/2023 regarding the limited availability of human resources at the Commission and the subsequent risk for the EDF; notes that the growing number of proposals to evaluate and projects to manage puts considerable pressure on human resources; further notes the large share of seconded national experts (17 %) among DG DEFIS staff in 2023 and DG DEFIS's intention to reinforce staff by the selection of officials through specialised EPSO competitions in the field of space and defence, for which the reserve lists were finalised in November 2023;
111. Welcomes that the implementation of 'Action Plan on Military Mobility 2.0' is ongoing, with EUR 1,74 billion allocated for dual-use transport infrastructure projects under the Connecting Europe Facility (CEF) between 2021-2027; notes that so far the Union has co-funded 95 military mobility projects in 21 Member States and that 94 of these projects are still ongoing and most of them are expected to be finalised between 2026 and 2027; further notes that the Commission considers that more action is needed to strengthen dual-use transport infrastructure corridors, including on regulatory issues such as cross-border movement permission procedures; regrets that only EUR 300 million was spent on military mobility in 2023 and is concerned that calls for proposals under the military mobility envelope faced a four-time oversubscription rate;

Recommendations

112. Calls on the Commission to:
- (i) develop a longer-term strategy for the EDF, building on the experience with Preparatory Action on Defence Research (PADR) and the Court's recommendations, as soon as possible;
 - (ii) secure the provision of adequate resources to enhance EU defence cooperation, in the short-term through the 2026 draft budget and the timely recruitment of expert staff, and in the medium-term through the Commission's proposal for the next MFF;
 - (iii) further strengthen military mobility in the Union by substantially increasing the funding available to improve dual-use transport infrastructure corridors and by taking action to eliminate administrative, procedural and regulatory barriers to cross-border military movements;

Neighbourhood and the world

113. Notes that the budget for the programmes under MFF heading 6 'Neighbourhood and the world' was EUR 15,2 billion (7,4 % of the Union budget) distributed as follows: 63,4 % for the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI-Global Europe), 16,4 % for Humanitarian Aid (HUMA), 16 % for Pre-Accession Assistance (IPA III) and 4.2 % for other actions and programmes; notes that in total, payments for 'Neighbourhood and the world' reached 15.2 billion in 2023, representing approximately 8 % of the overall EU expenditure excluding RRF;
114. Notes that the Court examined a sample of 72 transactions, which is not adequately representative of the spending under this MFF heading and, therefore, cannot provide an estimate of the error rate; considering that the Court's audit results show that this is a high-risk area (of 37 out of 72 transactions audited, i.e. 51.4 %, were affected by errors),

invites the Court to provide a clear estimate of the error rate for this chapter; notes that the Court found 31 errors that had a financial impact on the Union budget, relating to ineligible beneficiaries, ineligible costs, expenditure not incurred, and breaches of public procurement rules, areas that could point to risks of unreliable functioning of control mechanisms;

115. Notes, additionally, that the Court detected 19 cases of non-compliance with legal and financial provisions, none of which had direct financial impact on the Union budget, and which included issues such as ambiguous cost allocations, non-compliance with visibility rules, and inadequate documentation;
116. Is concerned that the Court found a significant non-compliance with visibility rules in an EU-funded project under indirect management by DG NEAR, which concerned a contribution agreement worth EUR 21.2 million signed with an international organisation in a project where the aim was to support Eastern partnership countries in tackling COVID-19; notes that the Court found that most donation certificates it checked did not contain any acknowledgment that the medical equipment donated was funded by the Union; recalls that beneficiaries of EU funds are required to clearly publicise the fact that the Union has financed or co-financed the action they are implementing; notes the Commission's replies that it is discussing new communication and visibility guidelines with the United Nations to reduce the risks of errors on compliance with visibility rules;
117. Expresses concern that the Court, in its IT audit on the information system OPSYS' component for managing user access and rights, found three shortcomings including (i) that the Directorate-General for International Partnerships (DG INTPA) had not formalised a procedure for granting and removing access rights for system administrators and to standard users; (ii) four cases in which standard users had more access rights than they needed for their jobs, which is not in line with the Commission's IT standards; and that (iii) DG INTPA did not manage all administrator accounts belonging to staff of other directorates-general; is concerned that these weaknesses increase the risks of both inappropriate access to the system and non-compliance with the rules and procedures for implementing external action projects, and also undermine the integrity of system processes and data;
118. Notes that the Commission intensified communication with international organisations in order to raise awareness of the need to ensure that the Court's auditors obtain full access to documents when auditing EU-funded projects, and that the Commission has supported initiatives to find permanent solutions to the issues of access to and retention of documents; notes, however, the Commission's acknowledgment that despite efforts, some constraints regarding access to documents persist due to the existing legal frameworks of the implementing partners, which are not expected to change in the near future;
119. Stresses that Union aid should under no circumstances - directly or indirectly - be financing terrorism, hence it should not support any entity connected to Hamas or any other terrorist organisation;
120. Urges the Commission, in the context of delivering support and humanitarian aid to the Palestinian population, to diversify trusted partners, such as the WHO, UNICEF or

different Red Crescent organisations; recalls the importance for the Commission to guarantee independent controls of UNRWA by external experts, the European Court of Auditors and experienced international partners;

121. Notes that the Commission has been working in the last months with UNRWA, to enhance the neutrality processes and control systems in the Agency, in line with findings of the investigations by the UN Office of Internal Oversight Services (OIOS) on the allegations of involvement of 19 of its staff in the 7th October 2023 attack, and to monitor the application of the action plan presented by UNRWA on the implementation of the recommendations of the Independent Review Group led by former French Minister of Foreign Affairs Colonna to strengthen control and oversight; notes that the Commission has reassessed the EU 2024 funding decision for UNRWA and that, through an exchange of letters between Commissioner Várhelyi and UNRWA Commissioner General Lazzarini in April 2024, the Union reached an agreement about the EU's conditional assistance for UNRWA, linked to a number of milestones in relation to three work streams, including the screening of UNRWA staff, an EU audit, as well as the reinforcement of the Department of Internal Investigations and Ethics office;
122. Calls on the Palestinian Authority to remove all educational materials and content that fail to adhere to UNESCO standards by the next school year, in particular those that contain antisemitism as defined by the International Holocaust Remembrance Alliance classification endorsed by the Union, incitement to violence, hate speech, and glorification of terrorism; recalls provisions of paragraph 199 of the discharge resolution of 11 April 2024 adopted by Parliament, which links the 7th of October 2023 atrocities to the inciting content from Palestinian educational materials; stresses that financial support from the Union for the Palestinian Authority in the area of education should be provided on the condition that textbook content is aligned with UNESCO standards, as decided upon by Union Education Ministers in Paris on 17 March 2015, that all anti-Semitic references are deleted, and that examples which incite to hatred and violence are removed, as repeatedly requested in the resolutions accompanying the discharge decisions; recalls the Commission's assessment of the Palestinian textbooks, as evaluated in the Georg Eckert Institute's EU-funded report, clearly highlights the persistent presence of deeply problematic content that remains a serious concern; notes that the Commission will carry out close scrutiny to ensure that no Union funds are allocated, directly or indirectly, to the drafting, teaching, or exposure of such educational materials to Palestinian children, including those provided by UN organisations;
123. Notes DG NEAR's acknowledgement in its AAR 2023 that projects in Kyiv received regular visits but security constraints limited on-site monitoring and project visits in other Ukrainian regions; further notes that the constraints on adequately monitoring projects in Ukraine led to a renewed reservation in the 2023 AAR of DG NEAR and that corrective actions are being implemented, such as monitoring progress on project implementation through desk reviews, remote solutions and using a service provider;
124. Welcomes that OLAF provides targeted anti-fraud assistance to authorities and supports the accession of Ukraine to the Union Anti-Fraud Programme; notes that the Framework Agreement for the Ukraine Facility, which entered into force in June 2024, provides for legally binding arrangements for the management, control, supervision,

monitoring, evaluation, reporting and audit of funds under the Facility, as well as measures to prevent, investigate and correct irregularities, fraud, corruption and conflicts of interest, and provisions on the roles of OLAF and EPPO; welcomes, in addition, that, pursuant to article 36 of the Ukraine Facility Regulation, the Commission established in June 2024 an Audit Board, with the mission of assisting the Commission in assessing the effectiveness of Ukraine's management and control systems regarding the funds provided under the Facility and in fighting mismanagement of Union funding under the Ukraine Facility;

European Development Fund (EDF)

125. Notes that to audit the regularity of transactions, the Court examined a sample of 140 transactions, representing the full range of spending from the EDFs; notes, furthermore, that this comprised 31 transactions related to the European Union Emergency Trust Fund for Africa, 87 transactions authorised by 14 EU delegations¹¹ and 19 payments approved by Commission headquarters;
126. Notes with concern that, out of the 140 transactions examined, 62 (44,3 %) contained errors, compared to 57 (40,7 %) in 2022 for the same number of transactions; stresses, moreover, that the Court quantified 52 errors (48 in 2022), on the basis of which it estimated the level of error for the financial year 2023 to be 8,9 % (7,1 % in 2022);
127. Highlights with concern that the three most common types of errors in the financial year 2023 related to expenditure not incurred at 45 % (51 % in 2022), to absence of essential supporting documents at 31 % (7 % in 2022) and to ineligible expenditure at 23 % (24 % in 2022);
128. Notes the Commission's replies to written questions to Commissioners Jutta Urpilainen and Oliver Varhelyi that in 2023 approximately 45 % of the total errors are due to excess clearing, a practice where expenditure not incurred is included in the accounts as expenditure incurred, and that therefore such errors are temporary, since they will no longer exist after the final clearings; notes furthermore that, to reduce these temporary errors, the Commission has requested its partners to review their reporting templates to allow for easier identification of incurred expenditure, and that DG INTPA launched a special working group to screen the compliance of relevant organisations through a risk management framework; also notes that DG INTPA is currently reviewing its control strategy, which aims also to identify how ex-ante controls can be strengthened and to improve the reporting of the pillar-assessed organisations to the Commission; calls on the Commission to report to the discharge authority on the effects of these actions;
129. Notes that the expected outcomes of DG INTPA's ongoing review of its control strategy include the reinforcement of guidance on financial reporting and also on enhanced ex-ante controls so as to prevent errors including on excess clearing; calls on the Commission to report to the discharge authority on the remedial measures taken upon finalisation of this review;

¹¹ Angola, Benin, Côte d'Ivoire, Fiji, Ghana, Guinea-Bissau, Kenya, Madagascar, Malawi, Mauritius, Mozambique, The Gambia, Togo and Uganda.

130. Is concerned that, as in previous years, some international organisations provided only limited access to documents (e.g., in read-only format), which hindered the planning, execution and quality control of the Court's audit and led to delays; notes that audit and control issues were discussed with UN entities on several occasions, including in the context of joint technical reference group meetings and the relevant EU-UN Financial and Administrative Framework Agreement (FAFA) working group; notes furthermore that the Commission is working with the International Organisations concerned and has intensified communication with them on the Court's access to documents; encourages, as in previous years, the Commission to increase these efforts;
131. Stresses that, according to Court's assessment, the Residual Error Rate (RER) study does not constitute an assurance engagement or an audit and is based on the RER methodology and manual provided by DG INTPA; notes that DG INTPA clarifies that the RER study is meant to be a key indicator for the estimated financial impact of residual errors, i.e., it measures the proper functioning of the internal control system and thus, demonstrates the Commission's corrective capacity; stresses that, as in previous years, the Court has found limitations in the study; notes, furthermore, the Court's opinion, as in previous years, that the RER methodology allows the contractor to rely entirely on the results of DG INTPA's controls, and that relying on the work of other auditors is contrary to the purpose of an RER study; highlights the Court's finding that in cases where these previous checks were carried out under the FAFA between the European Commission and the United Nations, the contractor is not always able to carry out additional substantive testing as the FAFA limits the Commission's verification rights; highlights the Commission's reply which recognised the limitations in terms of controls set in the FAFA; urges the Commission to look for workable solutions to resolve this issue;

Recommendations

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

(vi) strengthen ex ante controls before accepting expenditure;

133. Furthermore, calls on the Commission to:

(i) ensure strict monitoring and ex-ante and ex-post mechanisms of the implementation of actions to guarantee that the UNRWA works in full compliance with humanitarian principles and neutrality, including in the forthcoming EU-UNRWA joint declaration and the upcoming financing decisions for conditional EU assistance;

(ii) ensure that all contracts involving EU funds fully respect applicable EU legislation, including accountability, transparency, and sound financial management, and that this includes verifying that there are no subcontractors, natural persons, participants in workshops and/or trainings or recipients of financial support made to third parties subject to EU restrictive measures or involved in the financing of terrorism or acts of terrorism as well as other acts of hatred and incitement to hatred;

European public Administration

134. Notes that the Commission is directly responsible for the implementation of 59,1 % of the overall administrative EU budget, equivalent to EUR 7,2 billion; further notes that 70 % of the administrative expenditure relates to human resources including pensions while the remaining primarily covers expenditure related to buildings, equipment, energy, communications and IT; notes with satisfaction that also for 2023 the Court concludes that the spending area is low risk;

135. Notes that during 2023, 2152 civil servants left the Commission primarily due to retirement, resignation or the end of their contracts; notes that this represents a relatively high turnover, which should give the Commission ample possibilities to address persistent imbalances in geographical representation throughout the services;

136. Encourages the Commission together with EPSO to ensure that necessary technical systems are put in place as quickly as possible and that processes are accelerated in order for the Commission and other EU institutions to be able to rely on EPSO for the selection of highly qualified and motivated candidates for all types of jobs in the institutions;

137. Appreciates that female representation in management positions increased from 46,1 % in December 2022 to 47,8 % in December 2023, which represents good progress towards ensuring gender balance; encourages the Commission to continue to focus on ensuring and maintaining gender balance on all levels of management;

138. Notes with satisfaction that the Commission has implemented policies to enhance work-life balance and staff well-being, including the right to disconnect; at the same time commends that a new decision on the prevention and fight against harassment was adopted as important elements in ensuring that the Commission is an attractive workplace for all;

139. Notes with satisfaction that the Commission issued updated versions of the guidelines on ethical standards for participation of the Members of the European Commission in

the election campaign to the European Parliament and guidelines for the participation of Members of the Commission in election campaigns at Member State level; further commends that in March 2023, the Commission adopted much needed strengthened rules on missions and costs paid by third parties;

140. Stresses the need to ensure that all the EU Institutions in Luxembourg can attract staff to all types of jobs and careers; notes that especially for servants in lower pay grades Luxembourg can be a less attractive option due to the costs of living; notes that with the agreement on the budget for 2025 the first step has been taken by establishing a special housing allowance for staff in lower grades working in EU Institutions in Luxembourg;
141. Notes that the Commission has an ambitious goal of reducing the overall office space of the Commission by 25 % and the number of buildings by 50 % by 2030 compared to 2020; notes that the total reduction in overall space reached a little over 83 000 m² in 2023, equal to a reduction of 11 %; welcomes that this goal is an important element in the Commission achieving carbon neutrality and reducing administrative costs; stresses that it is important that the reduction in the number of building and office space and the resulting roll-out of collaborative work spaces and other significant administrative changes happens in close cooperation with staff;
142. Is concerned about the severe delays, including delays of up to 6 months, faced by civil servants across the institutions when receiving the reimbursements of healthcare costs under the institutions' sickness insurance scheme;
143. Notes that the Ombudsman in 2023 launched 398 inquiries concerning the Commission; further notes that during 2023 the Commission received 187 closing decisions without remarks and 17 decisions of maladministration; encourages the Commission to strive to further reduce the number of decisions of maladministration and establish clear rules concerning access to all types of written texts whether on paper, email, text messages or any other form of communication, which is part of an administrative process related to Commission policies or decisions;

European Schools

144. Notes that the European Schools' overall budget for 2023 was EUR 417,5 million primarily funded by the Commission, other EU institutions, Member States and fees from parents; further notes that almost 80 % of the budget was spent on staff costs;
145. Notes with satisfaction that the Court is able to conclude that nothing has come to their attention that causes them to believe that the consolidated accounts for 2023 are not prepared, in all material respects, in accordance with the International Public Sector Accounting Standards;
146. Observes that the Court found some systematic or recurrent weaknesses in payments and related human resources (HR) and procurement procedures including insufficient verification of supporting evidence affecting the regularity of some HR procedures and payments;
147. Calls on the Commission, in particular, to:

- (i) ensure that EU Institutions can rely on EPSO to efficiently organise and complete selection procedures and other staff related procedures in order to provide EU Institutions with sufficient highly qualified and motivated candidates for open positions;
- (ii) explore all possibilities to correct significant geographical and gender imbalances in different categories of the staff;
- (iii) continue work on measures that will ensure that EU Institutions based in Luxembourg can continue to attract highly qualified staff for all types of job profiles;
- (iv) ensure that the roll-out of collaborative work spaces and other significant administrative changes happens in close cooperation with staff;
- (v) make more staff available for processing of reimbursement requests for the sickness insurance scheme, to improve staff training and to have better IT software available to process requests more quickly;
- (vi) support the European Schools in their implementation, as soon as possible, of recommendations by the Court from previous years and the recommendation from the report concerning the financial year 2023 which asks the schools to perform systematic checks of supporting evidence on allowances paid to seconded staff;

CHAPTER II - Recovery and Resilience Facility (RRF)

General remarks

148. Notes that in 2023, 27 recovery and resilience plans (RRPs) were revised, and that these revisions had an impact on the pace of implementation of the existing plans, causing delays; notes that increased energy prices, high inflation and supply chain disruptions caused by Russia's unprovoked war of aggression against Ukraine, and, in some cases, natural disasters, contributed to the revision of the RRP; underlines that the delays caused by the revisions of the RRP came in addition to existing ones, as shown by the significant differences between the foreseen calendar of payments requests and the actual transmission of these requests by the Member States to the Commission; remains concerned by the risk of under-implementation and of failure to reach the milestones and targets (M&Ts) as agreed in the RRP;
149. Draws attention with utmost concern to the statement of the President of the Court, arguing that approximately half of the RRF disbursements had not reached the real economy, and questions if the other half may have been used either to substitute recurring budgetary expenditure or generate profit to Member States from the increased interest rates;
150. Recalls that the RRF is a temporary recovery instrument based on performance, i.e. that payments are linked to the satisfactory fulfilment of M&Ts related to reforms and investments included in the national RRP; recalls that each national plan should effectively address all or a significant subset of challenges identified in the European Semester, particularly the country-specific recommendations adopted by the Council;
151. Notes that in 2023, the Commission disbursed a total of EUR 75 billion, and additional pre-financing payments of EUR 7.1 billion, which brought the total disbursements by the end of 2023 to EUR 220.8 billion, divided into EUR 141.6 billion in grants (40 % of the total EUR 357 billion for grants under the Recovery and Resilience Facility (RRF) envelope) and EUR 79.2 billion in loans (27 % of the total EUR 291 billion for loans under the RRF envelope);

Court's observations

152. Notes that the Court issued a qualified opinion on the legality and regularity of the RRF expenditure in 2023; is concerned that the Court concluded that seven out of 23 RRF payments made in 2023 were affected by quantitative findings and that six of these payments were affected by material error; notes that in the Court's opinion, except for those matters, the RRF expenditure accepted in the accounts for the year 2023 is legal and regular in all material respects; notes that the nature of the RRF spending model relies on the assessments of milestones and targets (M&Ts) to be made by the Commission, that the Court cannot check M&Ts, and thus, the latter does not provide an error rate but estimates the minimum financial impact of its findings to be above the materiality threshold;
153. Notes that the Court audited 325 out of 542 milestones and 127 out of 135 targets included in 2023 payment requests for grants; regrets that the Court considers that 16 of them were affected by regularity issues (2.4 % of the total); is concerned by the fact that

the Court considers that the requirements had not been satisfactorily fulfilled for seven M&Ts in six payments and that the Commission had still made the corresponding payments; notes that the Court's conclusions are based on extensive audit work and regrets that the Commission contests some of the Court's conclusions; notes that all of the RRF payments must be assessed against the framework communicated and applied by the Commission, which must take into consideration for each payment the opinion of the Economic and Financial Committee and the scrutiny by Member State experts under the comitology procedure;

154. Notes with particular concern that the Court has identified what it considers to be nine cases of ineligible M&Ts linked to the continuation of a pre-existing project that either started before the eligibility period, or that were a substitution of recurring national budgetary expenditure; contests the Commission's view that the eligibility period concerns only the date of start of works on a specific project rather than beginning of the preparatory or projection phase; regrets that such a view led to measures which were planned before the RRF eligibility period being included in the RRFs, thus casting doubts on the added value of the RRFs;
155. Recalls that RRF funds shall not be used to replace recurring budgetary expenditure, unless in duly justified case; and is preoccupied by the Court's findings that some M&Ts that were a substitution of recurring national budgetary expenditure were not adequately justified in the RRFs;
156. Reminds the Commission that the letter and spirit of the RRF Regulation must be strictly followed, and that the adoption of guidelines or other internal documents must be fully in line with the results of the negotiations between the co-legislators; is convinced that this has not been the case when the Commission adopted the provisions related to the interpretation of what a "final recipient" is in its Guidance on RRFs in the context of REPowerEU;
157. Notes with concern the Court's finding that NGEU borrowing may more than double by 2026 while the bulk of repayment is deferred to future MFFs; recalls that the repayment of NGEU borrowing must start before the end of 2027, if unused appropriations remain available in the budget line to cover NGEU financing costs, and be completed by 2058 at the latest; notes that the Union budget exposure at the end of 2023 is expected to rise in 2024 and 2025, mainly to RRF loans; is concerned that potential changes in market conditions might result in higher borrowing costs which, for the NGEU debt relating to grants, will have to be borne by the Union budget;
158. Notes the Court's finding that payments from RRF were lower than expected in 2023; emphasises that the Court has criticised the slow disbursement and absorption of RRF funds; is concerned by the Court's findings in Special Report 13/2024 that absorption of RRF funds has progressed with some delays, that Member States may not be able to complete all measures at the end of the RRF's implementation period for which a significant proportion of funds have already been paid out, and that the second half of the RRF's implementation period is more challenging with an increase in number of M&Ts, a shift from reforms to investments and more advanced stage of implementation, and a high proportion of measures to be completed in the last year;

159. Urges the Commission to minimise risks that Member States might chose not to receive parts or the entire amounts of the last payment request, thus avoiding the fulfilment of the last M&Ts and jeopardising the overall implementation of the RRFs; is extremely concerned about the additional risks of measures being reversed after the RRF lifetime, and urges the Commission, when making the final payments, to ensure that such situations will not occur;
160. Notes, conversely, that according to the Commission the achievement of M&Ts is broadly on track, as by 31 August 2024, over 40 % of the available RRF funds had been disbursed to Member States, with the disbursement of grants reaching 48 % and loans slightly exceeding 30 %; notes that the pace of payment requests has also accelerated since the second half of 2023 with the revision of the RRFs linked to the introduction of the REPowerEU chapters was finalised in 2023;
161. Expresses strong concerns about the Court's observation that point to persistent weaknesses in the implementation of Member States control systems as this poses a risk to the availability of complete and accurate data underlying payment requests, access to those requests for control purposes, and the effective functioning of Member State control systems to protect the Union's financial interests; recalls that, according to the RRF Regulation, Member State control systems have a key role to play in ensuring that the financial interests of the Union are protected effectively; urges the Commission to take decisive and swift action whenever necessary, and to make full use of the provisions of the RRF Regulation if deficiencies persist in the control systems of Member States;
162. Expresses concern about the Court's findings in Special Report N°22/2024 on 'Double funding from the EU budget: Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to cost'; highlights that Member States can propose so-called 'zero cost measures', i.e. measures estimated to have no costs to be financed by the RRF, and for which there is no check at all for double-funding, as the Commission considers that measures which receive no RRF funds are free of risk from that perspective; also notes with concern the Court's findings that from Member States' perspective, the many layers of governance involved including national, regional or municipality level, make coordination and oversight very challenging; is concerned that when checks are performed, (i) they suffer from a very complicated environment with different IT tools used often not interoperable and data recorded in an often non-standardised way, leaving manual cross-checks across databases as the only possible tool to check for double funding, and (ii) Member States' control systems rely to a large extent on self-declarations by recipients of EU funds; notes, however, that the Court did not find any case of double funding;
163. Notes the Commission's observation that, according to the RRF Regulation, double funding is explicitly linked to costs and thus, there can be no double funding if the Member State has not submitted any cost estimate as part of its national plan; notes that the Commission underlines that no-cost reforms do not increase the financial envelope but are nevertheless essential criteria for the Commission's positive assessment of RRFs, as well as their full implementation for the relevant payments; points out that the Commission, shortly after the Court audit field work, acknowledged it had identified the first two potential cases of double funding;

164. Insists that, as a rule, measures already included in other national plans benefiting from EU funding (e.g. cohesion, agriculture, etc.) should not be included in RRFs, even if they do not incur any costs, as their inclusion raises doubts about the added value of the RRF; underlines that due to the different model of implementation, double funding between RRF and other EU financing instruments might be more difficult to identify, and urges the Commission to remain vigilant and pro-active in identifying any potential situation of double funding;
165. Expresses concern about the Court's finding in its Review 01/2023: 'EU financing through cohesion policy and the RRF: A comparative analysis' that reporting of fraud involving RRF expenditure still lacks a standardised approach with strong coordination and cooperation between Member States, which are obliged to report on cases of suspected fraud not in an integrated IT system, but in the management declaration accompanying every payment request, although Member States have also reported cases outside of the management declarations; regrets that there are no clear guidelines about exactly when a case of suspected fraud should be reported, whether there is a reporting threshold, and what standard information should be reported for each case and about the remedial measures taken;
166. Urges the Commission not to approve any revision of RRFs, which may lead to a re-packaging of existing or planned reforms or investments into the RRFs; believes that this would be contrary to the principle of the RRF and would diminish its added value;

Audit and control

167. Welcomes that, based on the Court's recommendations and the experience gained, the Commission, in 2023, published three methodological notes to clarify the application of the RRF Regulation, including its framework for (i) assessing the satisfactory fulfilment of M&Ts, upon conducting an assessment, and (ii) the application of the provisions related to the reversal of M&Ts, as well as a methodology to determine the amount to be suspended if a milestone or target is not satisfactorily fulfilled; takes note of the updated Guidance on RRFs, adopted on 19 July 2024, which provides additional guidance to ensure the continued adequacy of controls to identify and avoid any risk of double funding as well as the methodology for reductions and recoveries under the RRF in accordance with Article 24(8) of the RRF Regulation;
168. Is concerned with the Court's counter-reply to the Commission's replies on the existence of an assurance gap at Union level regarding compliance with Union and national rules on public procurement and State aid; notes that the Commission argues that the assurance provided by DG ECFIN covers the effectiveness of Member States' controls on compliance with public procurement and state aid rules. however, stresses that while DG ECFIN's AAR refers to Commission assessments of the existence and effectiveness of Member States' controls, there is no conclusion regarding their effectiveness; expresses concern that, according to the Court, this represents an important limitation of the scope of the Commission's declaration of assurance, meaning that the Commission still does not provide full assurance as to whether RRF expenditure – which the Commission manages directly – complies with the rules;
169. Notes that the Commission's replies that it extended the scope of its audit work beyond that required by the RRF Regulation to verify that the control procedures put in place in

the Member States give the necessary assurance that Member States regularly and effectively verify compliance with public procurement and State aid rules and eligibility for RRF measures, but disagrees with the Commission's opinion that the conclusions of DG ECFIN's Annual activity report cover this;

170. Notes with concern that, as stated by the Commission in its mid-term evaluation of the RRF of 21 February 2024, a majority of Member States consider that the payment suspension methodology remains unclear when it comes to reforms because of the discretion given to the Commission in applying the methodology; urges the Commission to revise this methodology in order to avoid any double standards in its application;
171. Notes that the Commission's IAS, in its audit on ex-ante controls of the RRF payment requests carried out in 2023, identified a very important issue according to which DG ECFIN, in cooperation with the Recovery and Resilience Task Force, should further develop and formalise the existing guidance for the cases where DG ECFIN requests that Member States make additional commitments concerning action stemming from audit and control milestones, in particular that the guidance should define (i) how DG ECFIN should follow up the fulfilment of the formal confirmation on the Member State's commitment, (ii) the criteria for determining the deadlines for the Member States to fulfil the commitments, and (iii) the relations between the 'commitment framework', the 'framework for assessing M&Ts under the RRF Regulation' and the 'Reversal of M&Ts under the Facility';
172. Notes that the Commission checks during its "Protection of the Financial Interest of the Union" audits that Member States have a clear and codified process for transmitting cases of fraud, corruption, conflict of interest and double funding to all competent authorities, including the EPPO where relevant;
173. Is concerned by the Court reporting in its annual reports that by the end of 2023, the EPPO had 206 active investigations related to funds used to implement RRF measures and estimated potential damages of over EUR 1.8 billion (concerning both national and EU funding); notes that the 206 open investigations concern ten Member States, with around 75 % of these cases coming from one country; stresses that, while no investigation has yet been completed, the figures presented by the EPPO confirm that the risk of fraud is present in the RRF, and that they call into question the reliability of Member State management declarations in terms of reporting detected fraud and the remedial measures taken;
174. Recalls that the Financial Regulation recast in force since 30 September 2024 ('FR recast') provides for the extension of its scope of the Early Detection and Exclusion System (EDES) to shared management and direct management in cases where the budget is implemented with Member States, for programmes adopted or financed as from 1 January 2028; calls on the Commission to act on the most serious grounds for exclusion in order to better protect the financial interests of the Union;
175. Notes that, with a view to reducing the margin between the Commission and the Court, for different interpretations of M&Ts, the Commission has published its approach to the concepts of the start date of a measure and the concept of 'substitution of recurring national budgetary expenditure' as Annex II and Annex III of its 2024 Annual Report

on the implementation of the RRF; re-iterate its calls on the Commission to keep working with the Court in order to bring the interpretation of M&Ts as close together as possible;

Implementation and impact

176. Emphasises that, according to the Commission's mid-term evaluation of the RRF of 21 February 2024, Member States highlighted the need to mobilise more resources than initially planned to revise the RRFs, and that the efficiency of the performance-based approach is reduced by the 'excessively complex procedures' for the plan modifications, which do not distinguish between major or minor amendments and require Council approval for any modification;
177. Notes that for control and audits in the RRF, Member States should put in place arrangements to prevent, detect and correct corruption, fraud and conflicts of interests, and that the Commission performs ex-post and system audits on M&Ts; stresses that some confusion persists with respect to the role of the Court, which has developed a strategy (2021-2025 Strategy) for carrying out its responsibilities for the NGEU programme and the RRF, which some Member States perceive as an unnecessary overlap and administrative burden; is concerned that the Commission, both in its mid-term evaluation of the RRF of 21 February 2024 and its RRF Annual Report of 10 October 2024, acknowledged that Member States' authorities at all levels found the audit and control procedures to be too complex, and that Member States complained about overlapping audits by national authorities, the Commission and the Court;
178. Is concerned that the Commission Annual Report of 10 October 2024 on the RRF implementation highlighted the entry costs for Member States' administrations, with room for further simplification; notes, according to this Commission's Annual Report, that concerning the design of the instrument, in the mid-term evaluation Member States referred to the combined obligations linked to (i) the evidence needed to prove fulfilment of M&Ts, (ii) demanding reporting requirements, for example the common indicators and the bi-annual data; and (iii) the audit and control framework; recalls that Member States see room for simplifying control and audit procedures, ensuring better coordination among the actors involved and avoiding multiple checks; also notes, again according to the Commission RRF Annual Report 2024, that some national authorities also pointed to inflexibility in the Commission's assessment of milestones and targets and the rigid and resource-intensive procedures to revise RRFs;
179. Highlights with concern that the facilitation of cross-border projects has not worked out; deplores that, despite the inclusion in the RRFs of several measures linked to Important Projects of Common Interest ('IPCEIs') and cross-border measures in the REPowerEU chapters, the national governance of the Facility has not sufficiently promoted cross-border cooperation; strongly insists that EU financing should be better linked with the achievement of common Union objectives and should generate EU added value;
180. Emphasises that the Commission Annual Report of 10 October 2024 on the RRF implementation acknowledged the insufficient involvement of Member States of regional and local authorities, civil society organisations, social partners, and other relevant stakeholders in the preparation and the implementation of the national RRFs;

calls for their close involvement in the implementation of the national RRFs on the ground;

181. Welcomes that, in 2023, the Commission made progress in eliminating any possibility of misinterpretation of figures of the Recovery and Resilience Scoreboard and that the Scoreboard further addressed the related recommendation of the Court to improve the presentation of data displayed on the Scoreboard and to improve explanations with regard to its limitations, in particular by better explaining the underlying methodologies and explicitly stating, where applicable, that the data is estimated;

Transparency

182. Recalls that, while Member States are not required to publish all data on final recipients, Regulation (EU) 2023/435 of the European Parliament and of the Council¹ amending the RRF Regulation requires Member States to publish information on the 100 final recipients receiving the highest amount of funding under the RRF; welcomes that on 10 October 2024, the Commission published, as part of the RRF Annual Report 2024, a dedicated Annex to provide further clarity on the concept of final recipients under the RRF Regulation and the scope of the publication of data on the largest 100 final recipients; expresses concern over the interpretation of the Commission of the concept of “final recipient” under the RRF, as often they are listed only at the ministry level, and that the descriptions are vague, with many examples available in almost all lists provided by Member States; reiterates its demand that the list of 100 largest final recipients provides the factual natural person or entity that is the last in a chain of money transfers; is concerned that otherwise it will be problematic to measure the impact and guarantee visibility of the RRF funds to the citizens;
183. Recalls that a robust IT infrastructure is essential for data collection, programme monitoring and evaluation, and that managing authorities and beneficiaries are critical of the level of information required and duplication with other domestic systems; notes that, in contrast to the Cohesion Policy, the Court under the RRF pointed to the different structures and approaches used by national monitoring authorities, which could be perceived as less reliable by providing non-homogeneous information and leaving room for a potentially high number of errors; stresses that, in this respect, centralised interoperable systems facilitate efficient data collection and reporting, while fragmented systems underscore the need for streamlined approaches;
184. Welcomes that the ‘FR recast’ establishes horizontal measures for a centralised website (Financial Transparency System) at Union level, covering all recipients of EU funding, and notes that this website is due to overcome the current fragmentation, enhance transparency, and facilitate public scrutiny of recipients; notes that the Commission, as from the next MFF (i.e. post 2027) will be required to use the relevant data stored in the data mining and risk-scoring tool, Arachne, to feed the centralised website for transparency purposes, and that, in line with data protection rules, the website will

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

include only public data, e.g. relevant data on recipients, contractors, subcontractors, and beneficiaries; further stresses that all Member States will have an obligation to provide the Commission with access to this data, to be fed into Arachne by automated means; regrets that the use of Arachne by Member States is not compulsory;

185. Notes that the final M&T of the national RRFs must be completed by 31 August 2026 according to Articles 18(4) and 20(5) of the Regulation; recalls the need for the Commission to work closely with every Member State to speed up implementation on the ground including through providing regular guidance and, upon request, technical assistance to help the implementation of the plans; re-iterates its concerns about the possibility of the reversal of M&Ts after the lifetime of the RRF, and urges the Commission to prevent such situations;
186. Calls on the Commission to reject any request of revision of RRFs which would lower the overall ambition of the plan or would eliminate important structural reforms from the RRFs, and to prioritise the completion of measures related to CSRs in RRFs; further calls on the Commission to step up its technical assistance to Member States lagging behind in the RRF implementation;

Recommendations

187. Calls on the Commission to act on the Court's recommendations from its Annual Report as well as those of its related special reports, and welcomes that the Commission accepts the vast majority of them; calls on the Commission to implement them and to keep the discharge authority informed on the progress of the implementation;
188. Furthermore, calls on the Commission to:
- (i) carefully balance auditing and control requirements with the administrative burden imposed on Member States and beneficiaries of future performance-based instruments;
 - (ii) closely monitor the continued fulfilment of M&Ts, in particular those related to audit, monitoring and control and ensure an adequate monitoring of any potential reversal of previously completed M&Ts;
 - (iii) use the results of its checks on Member States control systems to express a clear conclusion on their effectiveness and take all appropriate measures;
 - (iv) establish one single contact point for Member States on the Statement of Assurance at the Commission to which the Court can have access without further burdening Member States with requests for additional proofs;
 - (v) consistently and accurately apply the provisions related to the "final recipients", of the RRF Regulation, by revising its Guidance on RRFs in the context of REPowerEU, and to communicate with Member States on the correct application of the definition of "final recipients";
 - (vi) streamline its control on the M&Ts through the implementation of a Single Audit approach, which would allow reducing the administrative burden, the consolidation of audit responsibilities between the Commission and the Court, and

the coordination of audit timelines and requirements to avoid duplication and overlapping controls and audits;

- (vii) support Member States in making IT systems truly interoperable, so as to facilitate efficient data collection, reporting and exchange between various government departments/agencies to allow minimising the risks of double funding, actively cross-check between relevant databases, and communicate with Member States about their administrative capacities to ensure double funding does not occur;
- (viii) work closely with Member States to ensure that M&Ts, in particular those of a structural nature or linked with CSRs, are fully and diligently implemented, and that no revision of RRP's will be approved if ambition would be lowered or important measures would be weakened; reject any revision of plans that would represent a "re-packaging" of planned or existing measures into the RRP's;
- (ix) strictly apply the provisions of the RRF Regulation, including those regarding suspension of payments or recoveries of amounts, in particular if the protection of the financial interests of the EU is not ensured;
- (x) apply very strictly the methodology on partial payments, including as regards structural measures and measures linked to the implementation of CSRs;
- (xi) ensure that Member States diligently apply the visibility provisions of the RRF, making sure that measures implemented through the Facility are adequately flagged as funded by the Union;
- (xii) provide technical assistance, administrative support and advice to Member States to strengthen their administrative capacity, including through the organisation of regular meetings of the Informal Expert Group on the implementation of the RRF to discuss technical aspects and encourage the exchange of good practices amongst national authorities;
- (xiii) keep working with the Court in order to bring the interpretation of M&Ts as close together as possible;
- (xiv) use the recommendations of the Court from its work on the RRF and the experience gained in the implementation for the design of the next multiannual financial framework architecture including the implementation of future Union performance-based instruments;
- (xv) strengthen the design of future performance-based instruments by ensuring a closer link between disbursements and progress in implementation;
- (xvi) ensure that any future revision, as well as the overall implementation, of RRP's is done in close cooperation and consultation of local and regional authorities;
- (xvii) build, in the next MFF, on a high-level of interoperability and data exchange between various government departments and agencies to facilitate efficient data sharing and real-time updates across multiple platforms in order to allow to track overlapping projects, minimising the risks of double counting and double funding;

