

# Annual Activity Report 2025

annexes

Directorate-General Enlargement and  
Eastern Neighbourhood

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# ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control

I declare that in accordance with the Commission's communication on the internal control framework <sup>(1)</sup>, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.

I hereby certify that the information provided in *the present annual activity report* and in its annexes is, to the best of my knowledge, accurate and complete.

31/03/2025

[Signed: *Victoria Gil Casado*]

Director R - Director in charge of Risk Management and Internal Control

I hereby certify that the information provided in section 1 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.

31/03/2025

[Signed: *Mathieu Bousquet*]

Director A - Director taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives.

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<sup>(1)</sup> (2017)2373 of 19.04.2017.

# ANNEX 2: Performance tables

<p><b>General objective 1: A new plan for Europe’s sustainable prosperity and competitiveness</b></p> <p><b>Specific Objective 1.1: Economic development and reforms in the partner countries are strengthened</b></p> <p><i>Related to spending programme(s): IPA, Western Balkans Facility, Moldova Facility, NDICI-GE</i></p>			
<p><b>Result indicator 1.1.1</b> Amount of support channelled to Western Balkans partners</p> <p><b>Explanation:</b> This indicator captures the volume of grants and loans disbursed to the Western Balkans against conditions set in the Reform Agendas (cumulative)</p> <p><b>Source of data:</b> European Commission</p> <p>This result indicator is selected as a KPI</p>			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known result (2025)
EUR 0	EUR 3.01 billion	EUR 4.52 billion	By the end of 2025, EUR 396 million have been released, combining pre-financing and disbursements adopted in July 2025 and October 2025
<p><b>Result indicator 1.1.2</b> Number of reforms implemented in the Western Balkans</p> <p><b>Explanation:</b> This indicator captures the number of “steps” set out in the Reform Agendas which trigger payments under the Reform and Growth Facility when they are assessed as satisfactorily fulfilled (cumulative)</p> <p><b>Source of data:</b> European Commission</p>			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known result (2025)
0	444	731 <sup>(2)</sup>	In 2025 approximately 47 steps out of a total of 125 steps due have been fully implemented
<p><b>Result indicator 1.1.3</b> Amount of support channelled to Moldova</p> <p><b>Explanation:</b> This indicator captures the volume of grants and loans disbursed to Moldova against the conditions set in the Reform Agenda (cumulative)</p> <p><b>Source of data:</b> European Commission</p>			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known result (2025)
EUR 3.87 million	EUR 1.12 billion	EUR 1.63 billion	EUR 314.92 million

<sup>(2)</sup> Following the adoption of the Reform Agenda for Bosnia and Herzegovina, the target has been adjusted to 731.

**Result indicator 1.1.4** Number of reforms implemented in Moldova

**Explanation:** This indicator captures the number of “steps” set out in the Reform Agenda which trigger payments under the Reform and Growth Facility when they are assessed as satisfactorily fulfilled (cumulative)

**Source of data:** European Commission

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
1	106	153	4
<b>Main outputs in 2025:</b>			
<b>Implementation dialogues</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
First Implementation Dialogue (with private sector representatives)	Implementation Dialogue has taken place	Q2	Implementation Dialogue took place on 10 June 2025
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Leverage investment for the economic development of the region in line with EU standards	Organisation of a Regional Investment Conference in the Western Balkan region	Q3	The regional investment conference was organised in Albania in October 2025
Financing under the Western Balkans Growth Plan (through pillar I of the Western Balkans Facility)	Number of regular instalments disbursed in 2025, as per schedule in the relevant Council implementing decision on the Western Balkans Plan	10 by Q4	5 regular instalments have taken place, namely twice to Montenegro, twice to North Macedonia, and once to Albania
Monitoring the implementation of the Western Balkans Growth Plan	Scoreboard for the Western Balkans Plan publicly available online in 2025 and updated twice per year	2 updates by Q4	The Scoreboard has been updated twice in 2025, following the first and subsequently also the second release
Financing under the Moldova Growth Plan (through pillar I of the Moldova Facility)	Number of regular instalments disbursed in 2025, as per schedule in the relevant Council implementing decision on the Moldova Growth Plan	1 by Q4	First instalment released on 27 August and disbursed on 2 September.
Monitoring the implementation of the Moldova Growth Plan	Scoreboard for the Moldova Growth Plan publicly available online in 2025 and updated twice per year	1 update by Q4	The Scoreboard was uploaded to the Commission website.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Progress achieved in enhancing the economic resilience of the EU's Eastern Partners	Number of SMEs supported (through access to finance, business development services or other private sector development actions)	70 000 SMEs are supported through the EU4business initiative.	80 000 SMEs were supported through the EU4business initiative.
Progress achieved in supporting the economic resilience of the EU's Eastern Partners	Number of new jobs created through EU support to the private sector	70 000 new jobs are created through the EU4Business initiative.	120 000 new jobs were created through the EU4Business initiative.

**General objective 1: A new plan for Europe's sustainable prosperity and competitiveness**

**Specific Objective 1.2: Ukraine's short-term recovery, and medium-term reconstruction and modernisation are supported**

*Related to spending programme(s): Ukraine Facility*

**Result indicator 1.2.1** EU contribution to Ukraine's macro-financial stability through the Ukraine Facility

**Explanation:** This indicator captures the volume of grants and loans disbursed to Ukraine against conditions set in the Ukraine Plan, together with the associated borrowing costs borne by the EU (cumulative)

**Source of data:** European Commission

This result indicator is selected as a KPI

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
EUR 16.1 billion	EUR 37 billion	EUR 38.3 billion	EUR 26.8 billion (with additional EUR 321 million in associated borrowing costs)

**Result indicator 1.2.2** Key reforms and investments set out in the Ukraine Plan and backed by EU support

**Explanation:** This indicator captures the number of "steps" set out in the Ukraine Plan which trigger payments under pillar I of the Ukraine Facility when they are assessed as satisfactorily fulfilled

**Source of data:** European Commission

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
23	137	151	68

**Result indicator 1.2.3** Volume of investments mobilised by the Ukraine Investment Framework (UIF)

**Explanation:** This indicator corresponds to the total amount of investments enabled by the EU contribution to partner Financing Institutions (“eligible financing institutions – EFIs”) within the Ukraine Investment Framework (UIF) (in million EUR)

**Source of data:** European Commission

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
EUR 1.26 billion	EUR 10 billion	EUR 40 billion	EUR 21.8 billion

**Main outputs in 2025:**

**Other major outputs**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Financing under the Ukraine Plan (through pillar I of the Ukraine Facility)	Number of regular instalments disbursed in 2025, as per schedule in the relevant Council implementing decision on the Ukraine Plan	4 instalments by Q4	4 instalments disbursed by end-2025
Monitoring the implementation of the Ukraine Plan	Scoreboard for the Ukraine Plan publicly available online in 2025 and updated quarterly	4 updates by Q4	Scoreboard updated to reflect the 4 payments of 2025
Unlocking Ukraine’s investment potential (through the Ukraine Investment Framework (UIF) – pillar II of the Ukraine Facility)	Financial volume of actions (guarantees and blended finance) allocated by the Steering Board in 2025	At least EUR 880 million by Q4	EUR 5.45 billion in 2025 (including the EIB-dedicated window of EUR 1.95 billion mandated by the Ukraine Facility Regulation)
Diversifying the presence of Financing Institutions in Ukraine (through the Ukraine Investment Framework (UIF) – pillar II of the Ukraine Facility)	Number of Financing Institutions eligible for participation (“eligible financing institutions – EFIs”) which submitted applications to the Steering Board in 2025	At least 6 by Q4	12 by end-2025
Enabling the delivery of project-based bilateral assistance to Ukraine (through the Technical Cooperation Facility (TCF) under pillar III of the Ukraine Facility)	Work Programme 2025 adopted	By Q4	Adopted in April 2025
Additional oversight in the fight against mismanagement of Union funding under the Ukraine Facility	Number of reports submitted in 2025 by the Audit Board of the Ukraine Facility	3 by Q4	The Audit Board submitted one single consolidated report in 2025

**General objective 2: A new era for European defence and security**

**Specific Objective 2.1: Resilience of partner countries is increased and migration is managed**

*Related to spending programme(s): IPA III and NDICI-GE*

**Result indicator 2.1.1.** Alignment of visa-free lists of the Western Balkan partner countries and Moldova

**Explanation:** The Western Balkan countries and Moldova must align their visa-free list with that of the EU acquis and Schengen Agreement as agreed in their Reform Agendas.

**Source of data:** European Commission

This result indicator is selected as a KPI

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
0	2	5	0

**Main outputs in 2025:**

**Other major outputs**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Alignment of Western Balkan partner countries with Network and Information Security (NIS)2 cybersecurity requirements in line with the deadlines agreed in the Reform Agendas	4 countries aligned with NIS2 requirements	By Q4	Albania, Montenegro and North Macedonia are working towards further alignment with the NIS2 requirements. Serbia is partially aligned.
Adoption of Joint Action Plan on Countering Terrorism and Violent Extremism	Adoption by all Western Balkan partner countries	By Q4	Adopted on 30 October 2025 at the EU-Western Balkans Justice and Home Affairs Ministerial meeting in Sarajevo
Adoption of the visa liberalisation action plan for Armenia	Adoption by the EU member states of the visa liberalisation action plan	By Q4	The Member States adopted the Visa Liberalisation action plan and it was handed over to the Armenian authorities in November.

**General objective 5: Protecting our democracy, upholding our values**

**Specific Objective 5.1: Rule of law, fundamental rights and democracy in partner countries are strengthened**

Related to spending programme(s): Ukraine, Western Balkan, and Moldova Facilities, IPA III

**Result indicator 5.1.1.** Level of preparation of enlargement partners on Chapter 23 of the *acquis* – Judiciary and fundamental rights

**Explanation:** This indicator shows the level of preparation of enlargement partners in terms of their alignment with the EU *acquis* on judiciary and fundamental rights (Chapter 23) and implementation of EU compatible reforms in this area. <sup>(3)</sup>

**Source of data:** Annual Enlargement reports, European Commission

This result indicator is selected as a KPI

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
<p><b>Albania</b> – Moderately prepared</p> <p><b>Bosnia and Herzegovina</b> – Some level of preparation</p> <p><b>Georgia</b> – Some level of preparation</p> <p><b>Kosovo</b> – Early stage to some level of preparation</p> <p><b>Moldova</b> – Some level of preparation</p> <p><b>Montenegro</b> – Moderately prepared</p> <p><b>North Macedonia</b> – Some level of preparation to moderately prepared</p> <p><b>Serbia</b> – Some level of preparation</p> <p><b>Türkiye</b> – Early stage</p> <p><b>Ukraine</b> – Some level of preparation</p>	<p>Increased level of preparation</p>	<p>Increased level of preparation</p>	<p><b>Albania</b> – Moderately prepared</p> <p><b>Bosnia and Herzegovina</b> – Some level of preparation</p> <p><b>Georgia</b> – Early stage to some level of preparation</p> <p><b>Kosovo</b> – Early stage to some level of preparation</p> <p><b>Moldova</b> – Some level of preparation</p> <p><b>Montenegro</b> – Moderate to good level of preparation</p> <p><b>North Macedonia</b> – Some level of preparation to moderately prepared</p> <p><b>Serbia</b> – Some level of preparation</p> <p><b>Türkiye</b> – Early stage</p> <p><b>Ukraine</b> – Some level of preparation</p>

<sup>(3)</sup> Overall state of play, meaning how prepared the enlargement partner is to assume the obligations of EU membership, is classified in five levels. The levels are as follows: Early stage, some level of preparation, moderately prepared, good level of preparation and well advanced.

**Result indicator 5.1.2.** Level of preparation of enlargement partners on Chapter 24 of the *acquis* – Justice, freedom and security

**Explanation:** This indicator shows the level of preparation of enlargement partners in terms of their alignment with the EU *acquis* on justice, freedom and security (Chapter 24) and implementation of EU compatible reforms in this area. <sup>(4)</sup>

**Source of data:** Annual Enlargement country reports, European Commission

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
<p><b>Albania</b> - Moderately prepared</p> <p><b>Bosnia and Herzegovina</b> - Some level of preparation</p> <p><b>Georgia</b> - Some level of preparation</p> <p><b>Kosovo</b> - Some level of preparation</p> <p><b>Moldova</b> - Some level of preparation</p> <p><b>Montenegro</b> – Moderately prepared to good level of preparation</p> <p><b>North Macedonia</b> - Moderately prepared</p> <p><b>Serbia</b> - Some level of preparation to moderately prepared</p> <p><b>Türkiye</b> - Moderately prepared</p> <p><b>Ukraine</b> - Some level of preparation</p>	<p>Increased level of preparation</p>	<p>Increased level of preparation</p>	<p><b>Albania</b> - Moderately prepared</p> <p><b>Bosnia and Herzegovina</b> - Some level of preparation</p> <p><b>Georgia</b> - Some level of preparation</p> <p><b>Kosovo</b> - Some level of preparation</p> <p><b>Moldova</b> - Some level of preparation</p> <p><b>Montenegro</b> – Moderately prepared to a good level of preparation</p> <p><b>North Macedonia</b> - Moderately prepared</p> <p><b>Serbia</b> – Some level of preparation to moderately prepared</p> <p><b>Türkiye</b> - Moderately prepared</p> <p><b>Ukraine</b> - Some level of preparation</p>

**Main outputs in 2025:**

**Evaluations and fitness checks**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Final deliverable of the Evaluation of EU cooperation on migration in the Western Balkans (2018-2023)	Publication of the final deliverable	Q4	Publication postponed to Q2 2026.
Final deliverable of the Evaluation of EU support to IPA Roma inclusion projects (2016-2023)	Publication of the final deliverable	Q4	Final deliverable with the Publications Office for publication.

<sup>(4)</sup> Overall state of play, meaning how prepared the enlargement partner is to assume the obligations of EU membership, is classified in five levels. The levels are as follows: Early stage, some level of preparation, moderately prepared, good level of preparation and well advanced.

Other major outputs			
Output	Indicator	Target	Latest known result (31/12/2025)
Rule of Law Report country chapters for <b>Albania</b> , <b>North Macedonia</b> , <b>Montenegro</b> and <b>Serbia</b>	Publication of country chapters for the four candidate countries in the annual Rule of Law Report (coordinated by DG JUST)	Q3	Country chapters published in the annual Rule of Law Report on 8 July 2025.
Progress of <b>Albania</b> under the Fundamentals Cluster	Presentation of the fundamentals non-paper to the Council	Q2	The fundamentals non-paper was presented in Q2.
Progress of <b>Montenegro</b> and <b>Serbia</b> under Chapters 23 and 24	Presentation of the rule of law non-papers on the state of play under Chapters 23 and 24 to the Council	Q2	The rule of law non-papers were presented in Q2.
Progress of <b>North Macedonia</b> under the Fundamentals Cluster	Preparation of the Opening Benchmarks Assessment Reports for the Fundamentals Cluster, once conditions set by the Council have been met	Q2 to Q4	The conditions set by the Council have not been met.
Progress of <b>Moldova</b> and <b>Ukraine</b> under the Fundamentals Cluster	Preparation of Opening Benchmarks Assessment Reports for the Fundamentals Cluster for both countries	Q2	Roadmap Assessment Reports for the Fundamentals Cluster for both Moldova and Ukraine prepared and presented to the Council.

**General objective 6: A global Europe: leveraging our power and partnerships**

**Specific Objective 6.1: Countries with EU perspective are brought closer to the EU based on a credible, merit-based accession perspective and application of the enlargement methodology**

Related to spending programme(s): Ukraine, Western Balkan, and Moldova Facilities, IPA III

**Result indicator 6.1.1.** Level of preparation of enlargement partners on EU approximation and *acquis*.

**Explanation:** This indicator shows where the enlargement partners stand in terms of their alignment with the EU *acquis* across all chapters and EU compatible reforms. <sup>(5)</sup>

**Source of data:** Annual Enlargement country reports, European Commission

This result indicator is selected as a KPI

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
2.52 <sup>(6)</sup>	Increase	Increase	2.62

**Result indicator 6.1.2.** Level of preparation of enlargement partners in public administration reform.

**Explanation:** This indicator shows the level of preparation of enlargement partners in terms of reforms of the public administration to ensure its efficiency and its ability to implement and enforce the EU *acquis*. <sup>(7)</sup>

**Source of data:** Annual Enlargement country reports, European Commission

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
<b>Albania</b> – Moderately prepared <b>Bosnia and Herzegovina</b> – Early stage to some level of preparation <b>Georgia</b> – Moderately prepared <b>Kosovo</b> – Some level of preparation <b>Moldova</b> – Some level of preparation <b>Montenegro</b> – Moderately prepared	Increased level of preparation	Increased level of preparation	<b>Albania</b> – Moderately prepared <b>Bosnia and Herzegovina</b> – Early stage to some level of preparation <b>Georgia</b> – Moderately prepared <b>Kosovo</b> – Some level of preparation <b>Moldova</b> – Some level of preparation <b>Montenegro</b> – Moderately prepared

<sup>(5)</sup> The value is given as an average of all enlargement partners and is measured on a scale from 1 to 5, namely early stage of preparation, some level of preparation, moderately prepared, good level of preparation, and well advanced, with the possibility to have in-between grades.

<sup>(6)</sup> In the Annual Management Plan 2025, the baseline was erroneously reported as 2.65. This has been corrected.

<sup>(7)</sup> Overall state of play, meaning how prepared the enlargement partner is to assume the obligations of EU membership, is classified in five levels. The levels are as follows: Early stage, some level of preparation, moderately prepared, good level of preparation and well advanced.

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
<p><b>North Macedonia</b> – Moderately prepared</p> <p><b>Serbia</b> - Moderately prepared</p> <p><b>Türkiye</b> - Some level of preparation to moderately prepared</p> <p><b>Ukraine</b> - Some level of preparation</p>			<p><b>North Macedonia</b> – Moderately prepared</p> <p><b>Serbia</b> - Moderately prepared</p> <p><b>Türkiye</b> - Some level of preparation to moderately prepared</p> <p><b>Ukraine</b> - Some level of preparation to moderately prepared</p>
<b>Main outputs in 2025:</b>			
<b>Implementation dialogues</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Second Implementation Dialogue (with selected stakeholders)	Implementation Dialogue has taken place	Q4	Implementation Dialogue took place on 12 November 2025 with civil society representatives
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Annual Enlargement Package	Adoption of the 2025 Enlargement Package	Q4	Adopted on 4 November 2025
Progress on accession negotiations with <b>Albania</b> once the necessary conditions have been met	Presentation of remaining screening reports and Draft Common Positions once the Council has asked Albania for its negotiating position	Q2	All remaining screening reports and Draft Common Positions prepared, which allowed to open all 6 Clusters by Q4 2025.
	Possible report on the fulfilment of interim benchmarks on the rule of law chapters, depending on Albania's progress and if collegially agreed	Q4	The interim benchmarks on the rule of law chapters have not yet been met.
Progress on accession negotiations with <b>North Macedonia</b> once the necessary conditions have been met	Presentation of remaining screening reports	Q1	The remaining screening reports were presented in Q2 2025.
	Submission of the Opening Benchmark Assessment Report to the Council and opening of Cluster 1	Q4	Conditions set by the Council have not been met.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Progress on accession negotiations with <b>Montenegro</b> once the necessary conditions have been met	Preparation of Draft Common Positions and Benchmark Assessment Reports	Q2 to Q4	Draft Common Positions and Closing Benchmark Assessment Reports were prepared for 7 chapters, of which 6 were provisionally closed in the course of 2025 (1 in June and a further 5 in December).
Progress on accession negotiations with <b>Serbia</b> once the necessary conditions have been met	Possible opening of Cluster(s) once Serbia has met the necessary conditions and Council agrees	Q3 to Q4	Council agreement not reached by the end of 2025 on opening additional Clusters.
Progress in accession negotiations with <b>Moldova</b> and <b>Ukraine</b> once the necessary conditions have been met	Completion of screening for all Chapters	Q4	Screening of all chapters for both countries completed in September 2025.
	Presentation of further screening reports in Council and Draft Common Positions	Q2 to Q4	Screening reports and pre-Draft Common Positions for all clusters for both Moldova and Ukraine were shared with the Council by the end of 2025.
Launch of and progress in accession negotiations with <b>Bosnia and Herzegovina</b> once the necessary conditions have been met	Report to Council on progress and possible presentation of the Negotiating Framework to the Council once conditions are fulfilled	Q3 to Q4	Conditions set by the Council not yet fulfilled.
Progress on Kosovo's alignment with the <b>Copenhagen</b> criteria	Presentation of progress on the fundamentals in the Enlargement Package	Q4	Progress on the fundamentals presented in the Enlargement Package on 4 November 2025.

**General objective 6: A global Europe: leveraging our power and partnerships**

**Specific Objective 6.2: A sustainable basis for improved relations with Türkiye is ensured**

*Related to spending programme(s): IPA III*

**Result indicator 6.2.1.** High level engagement between the EU and Türkiye

**Explanation:** Number of high-level dialogues held annually between the EU and Türkiye

**Source of data:** European Commission

This result indicator is selected as a KPI

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
3	4	5	5

**Result indicator 6.2.2.** Volume of bilateral trade between the EU and Türkiye

**Explanation:** Volume of annual bilateral trade between the EU and Türkiye (exports and imports)

**Source of data:** Eurostat

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
EUR 206 billion	Increase	Increase	210 billion (data from 2024).

**Result indicator 6.2.3.** Illegal border crossings between Türkiye and the EU

**Explanation:** The number of illegal border-crossings detected by EU member states at the EU side of the EU-Turkey border

**Source of data:** Frontex <sup>(8)</sup>

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
69 436	Decrease	Decrease	31 033 in the period January to November

**Main outputs in 2025:**

**Other major outputs**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Continuation of high-level engagement with Türkiye, in line with the European Council conclusions	Number of high-level dialogues	4	5
Implementation of the Association Agreement with Türkiye	Number of sub-committees held	4	4
	Volume of bilateral trade	At least EUR 206 billion	210 billion (data from 2024).

<sup>(8)</sup>[https://frontex.europa.eu/assets/Publications/Risk\\_Analysis/Risk\\_Analysis/Annual\\_Risk\\_Analysis\\_2020.pdf](https://frontex.europa.eu/assets/Publications/Risk_Analysis/Risk_Analysis/Annual_Risk_Analysis_2020.pdf)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Follow-up on the implementation of the Customs Union	Finalised assessments of Turkish draft legislation relevant for the removal of technical barriers to trade (as a percentage of Turkish requests submitted)	80%	30% <sup>(9)</sup>
	Customs Union Joint Committee meeting held	1 meeting	Meeting has been postponed to 2026.
Support Directorate-General for Trade (DG TRADE) in following discussions by Member States on the mandate and on initiating negotiations on the modernisation of the Customs Union, when political conditions are ripe	Mandate approved by Council	2025, if political conditions allow	No mandate from the Council.
Support for refugees and host communities in Türkiye	Programming for 2025-27 finalised	2025	83% of the total budget programmed and committed. <sup>(10)</sup>
Close monitoring of developments and providing policy recommendation on democracy, rule of law, judiciary, security as well as fundamental rights and freedoms	Adoption of the Türkiye report (Enlargement package)	2025	Package adopted
Support to investments in Türkiye	Number of Türkiye Investment Conferences organised	2	1 <sup>(11)</sup>

<sup>(9)</sup> Only 30% of the assessments of Turkish draft legislation relevant for the removal of technical barriers to trade were finalised.

<sup>(10)</sup> The remainder of the funds will be programmed in 2026.

<sup>(11)</sup> Only one conference was arranged.

**General objective 6: A global Europe: leveraging our power and partnerships**

**Specific Objective 6.3: The Eastern Neighbourhood countries are supported, including through regional connectivity and the Black Sea strategy**

Related to spending programme(s): NDICI-GE

**Result indicator 6.3.1** Number of key bilateral agreements in place with Eastern Neighbourhood partners

**Explanation:** The indicator monitors the number of key bilateral agreements in place with partner countries. Since the indicator measures the evolution during 2025-2029 period, the base is set at 4.

**Source of data:** Country Reports

This result indicator is selected as a KPI

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
4	5	5	4 <sup>(12)</sup>

**Result indicator 6.3.2.** Cumulative number of Eastern Partnership Senior Officials Meetings organised, supporting regional cooperation initiatives, including the preparation of high-level meetings, such as Ministerial meetings or Summits

**Explanation:** The indicator monitors the number of Senior Officials Meetings that bring together the EUMS and partner countries, including in preparation to high level events such as Ministerial meetings and Summits.

**Source of data:** European Commission

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known result (2025)</b>
2	6	10	2 One Eastern Partnership Senior Officials Meeting and one Belarus Senior Officials Meeting.

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<sup>(12)</sup> **Armenia:** the EU and Armenia continued their cooperation under the EU–Armenia Comprehensive and Enhanced Partnership Agreement (CEPA), reconfirmed by the new Strategic Agenda for the EU–Armenia Partnership adopted at the EU–Armenia Partnership Council on 2 December 2025.

**Azerbaijan:** The Partnership Priorities expired in 2024. Negotiations on a new framework agreement were relaunched in September with a proposal on new EU–Azerbaijan Partnership Priorities for 2025–2030 being provided before the end of the year. Negotiations are ongoing.

**Georgia:** The Association Agenda covering the period 2021–2027 (last updated in 2022) remains valid.

**Moldova:** The EU–Moldova Association Agenda for 2021–2027 adopted on 22 August 2022 remains valid.

**Ukraine:** The Association Agenda (last update in 2015) remains valid.

<b>Main outputs in 2025:</b>			
<b>New policy initiatives</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Joint Communication on building an EU strategic approach to the Black Sea, as tasked by the European Council in June 2024 and as included in the 2025 Commission Work Programme	Communication developed	By July 2025	Adopted on 28 May.
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (31/12/2025)</b>
Resilience and Growth Plan for Armenia	Adoption of Budget Support Programme	By Q4	The second segment covering 2025 to 2027 was adopted as part of the multi-annual action programme for Armenia. <sup>(13)</sup>
Comprehensive Strategy for the Energy Independence and Resilience of Moldova	Disbursement of 2 tranches of Budget Support	By Q2	2 tranches of budget support disbursed in June and July <sup>(14)</sup> .
All bilateral (except with Ukraine) and regional programmes are adopted under 3 Financing Decisions (multi-country, NIP, and regional)	3 Financing decisions adopted	By July 2025	Adopted in July.

<sup>(13)</sup> Negotiations with the authorities are ongoing prior to the signature of a financing agreement which is expected in 2026 and is a prerequisite to any disbursements.

<sup>(14)</sup> The target of the disbursement was only partly met as the second tranche was only disbursed in July.

## **ANNEX 3: Draft annual accounts and financial reports**

The draft annual accounts and financial reports are made available through an online publicly available, frozen version of SUMMA dashboard, which is accessible via the following link:  
[https://dashboard.tech.ec.europa.eu/qs\\_digit\\_dashboard\\_mt/public/extensions/BUDG\\_Annex3/BUDG\\_Annex3.html](https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex3/BUDG_Annex3.html)

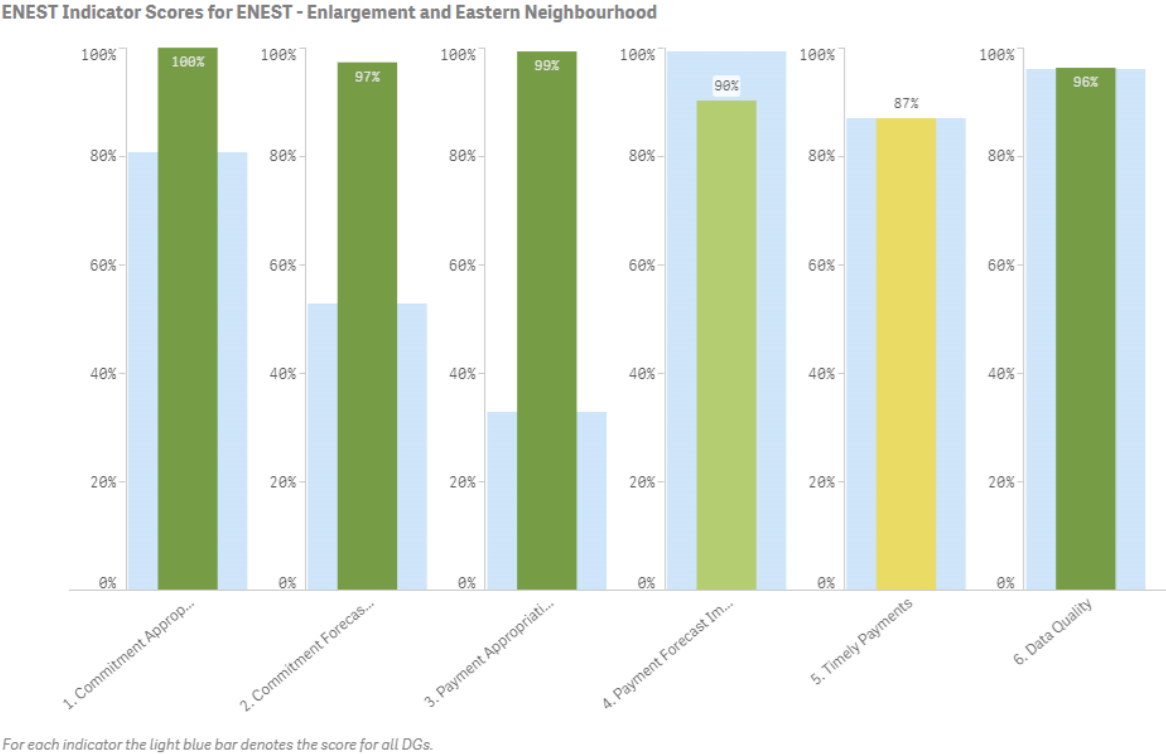
# ANNEX 4: Financial scorecard

Five out of six Financial Scorecard indicators measured by DG BUDG are strong and above 90% for DG ENEST in 2025 with only Timely Payments <sup>(15)</sup> indicator having moderate result of 87%.

The transition in 2025 to the Commission’s new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. In some cases, this has resulted in lower performance for some standard financial indicators such as the timely payments. The primary issues have been related to the data migration, particularly the transfer of files, due to the reorganisation (split of DG NEAR into ENEST and MENA) that was completed only in August. For new contracts or addenda necessitating additional payment, the failure of local tools to synchronise properly with SUMMA has hindered our ability to process payments promptly. Because of the split and the delay in the reopening of the accounting system, DG ENEST had to deal with the backlog first, thus delaying the processing of some payments that started flowing in as activity picked up in May.

DG ENEST Financial Scorecard indicators can be consulted in the Dashboard via the following link:

[https://dashboard.tech.ec.europa.eu/qs\\_digit\\_dashboard\\_mt/public/extensions/BUDG\\_Annex4/BU DG\\_Annex4.html](https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex4/BU DG_Annex4.html)



<sup>(15)</sup> The timely payments indicator is calculated in monetary terms.

# ANNEX 5: Materiality criteria

The criteria used by DG ENEST to determine the materiality of potential weaknesses have been established in line with the standing instructions for the AAR. These instructions propose a standard quantitative materiality threshold of maximum 2% for the authorised payments of the reporting year but also allow a multiannual approach. Because of its multiannual nature, the effectiveness of the control strategy of DG ENEST can only be fully measured and assessed once all audits, checks and controls have been fully implemented and systemic errors have been detected and corrected.

The status of DG ENEST regarding the control objective of legality and regularity is reassessed annually, taking into account both the frequency and importance of the errors found, as well as a cost/benefit analysis of the efforts needed to detect and correct them. While the control strategy of DG ENEST covers several years, the Director-General is required to sign a statement of assurance for each financial reporting year. To determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met as expected.

The identification and potential correction of internal control weaknesses (and in particular errors with financial impact), the criteria for making a decision on whether there is material error in the expenditure of the DG and the question of whether to make a reservation in the AAR are therefore based on the full range of internal controls described in this AAR, and the level of error identified in the RER (Residual Error Rate) Studies on a multiannual basis and in the Annual Reports by the ECA.

## In quantitative terms

DG ENEST aims to ensure that the residual error rate (RER), i.e., the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the management cycle. DG ENEST considers that a weakness is quantitatively significant and deserves to be disclosed as a reservation to the Declaration when the value of the transactions affected by this weakness represents more than 2% of all the transactions of the same nature (instrument, method of implementation) closed during the period under review (01/07/2024 to 30/06/2025).

## Assurance model for Performance based support

For the performance-based expenditure (facilities implemented in Ukraine, Western Balkans and Moldova) no error rate can be determined. The release of payments is conditioned to compliance with qualitative criteria: fulfilment of specific qualitative and quantitative steps, as well as functioning of governance systems in the beneficiary countries. For its assurance, DG ENEST relies on the result of the controls described in detail in Annex 6.

Pillar I of the Ukraine Facility Regulation is set to deliver quarterly payments to Ukraine linked to the satisfactory fulfilment of reform or investment indicators ('steps') to implement the 'Ukraine Plan', and to maintain the macro-financial stability of Ukraine. As this support is performance based (i.e. linked to the fulfilment of pre-defined steps, not linked to costs), assurance on Pillar I - non repayable support cannot be obtained through the computation of a residual error rate of maximum 2% for the authorised payments as it is the case for the traditional expenditure.

The specificities of the PBE model do not allow to calculate meaningful error rates comparable to those reported for cost-based EU-funded programmes. For PBE, DG ENEST determines levels of risk regarding each payment, based on the ex-ante and ex-post controls (audits) that are undertaken, taking into account also the work of the ECA where applicable. Subject to the extent of the financial exposure and to a de minimis threshold, reservations are to be made by the Authorising Officer by Delegation if a high level of risk regarding a payment made in the reporting year. In all cases, a reservation would be limited to a specific Beneficiary Country, a payment request, or even, in certain cases, to a specific implementing entity.

**The primary layer of assurance** is the control work done by the Ukrainian authorities in line with Article 7 (1) of the *Framework Agreement (FWA) between the EU and Ukraine on specific arrangements for implementation of Union funding under the Ukraine Facility*, which requests that Ukraine shall put in place for Pillar I an efficient and effective Management and Control System.

In line with the FWA, ENEST carried out a full-scale system audit in 2025 on the MCS put in place by Ukraine to manage Pillar I. The opinion of the external auditors was qualified, accompanied by a set of recommendations to improve the existing system.

**The secondary layer of assurance** is based on the control work (ex ante controls) carried out by the Commission on each request for payment received.

Payments are subject to the fulfilment of both qualitative and quantitative steps. Within DG ENEST, the Ukraine Directorate is in the lead for the process to establish the satisfactory (or not) fulfilment of all those steps declared as fulfilled, based on documentary evidence (such as copies of adopted laws and decrees). The requirements for evidence to be provided by Ukraine are set out in the FWA.

In addition, the management declarations and audit summaries accompanying each payment request are reviewed during the assessment of the payment request. This review identifies any information that puts the fulfilment of steps into doubt and verifies the coherence between the management declaration and the summary of audits in respect of the protection of the financial interests of the Union. In addition to being an input into the assessment of the payment request, the information is used for the Commission's risk assessment in view of its ex post audits.

The assessment of each payment request takes the form of a Commission proposal for a Council Implementing Decision. Only after the adoption of the Council Implementing Decision, the Commission proceeds to authorise the payment with a Commission Implementing Decision. This means that the assessment of satisfactory fulfilment of the steps is fully endorsed by the College, and the ultimate responsibility rests with the Council.

Such procedure laid out above ensures that all pre-conditions and the fulfilment of all the steps (whether low, medium or high risk) are controlled ahead of the payment decision and found compliant.

**As a third layer of assurance**, ENEST audits (ex post controls) are planned to take place on the steps identified as more risky, typically steps with IT-related components and recruitments (related to the deployment of IT and/or automated systems and recruitments – medium-risk steps) and steps corresponding to investments, which require concrete spending, including through procurement and awarding according to the national legislation (high-risk steps).

For those riskier steps, ad hoc ex post audits on their continuous fulfilment will take place as from the second half of 2026, i.e. when a sufficient number of medium and high-risk steps will have been declared for payment.

### **'De minimis' threshold for financial reservations**

Since 2019 <sup>(58)</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

Criteria for reservation on Performance based support

For Performance based support, by analogy to the general 'de minimis' rule, the following 'de minimis' thresholds would be applied:

If a high level of risk has been identified pertaining to a payment made in the reporting year, a reservation is not needed if

- (i) the amount of the payment for which a high level of risk has been identified represents less than 5% of the total amount of all Performance-based payments during the reporting year and
- (ii) the financial impact associated to the high level of risk identified is below the threshold of EUR 5 million; the financial impact being defined by the amount that would need to be reduced or recovered by the Commission.

# ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

DG ENEST has categorised its portfolio and described six major relevant control systems (RCS) corresponding to methods of implementation <sup>(16)</sup>:

- **Direct Management**
  - **Grants in Direct Management (RCS 1)**
  - **Procurement in Direct Management (RCS 2)**
  - **Budget Support in Direct Management (RCS 3)**
- **Indirect Management**
  - **Indirect management with Beneficiary countries (RCS 4)**
  - **Indirect management with Entrusted Entities (including budgetary guarantees, financial instruments and blending operations (RCS 5)**
- **Performance-based expenditure (RCS 6)**

## 6.1. Direct Management

Under Direct Management, funds are channelled to the final recipients through contracts signed directly by the Commission as contracting authority. Under Direct Management, the control environments are Grants in Direct Management (RCS 1); Procurement in Direct Management (RCS 2); Budget Support (RCS 3).

### 6.1.1. Grants in Direct Management (RCS 1)

Grants are financial contributions awarded as donations to third parties to co-finance actions intended to help achieve a Union policy objective (action grants), or the functioning of a body which has an objective forming part of, and supporting, a Union policy (operating grants). Grants are based on the reimbursement of eligible costs actually incurred by the beneficiaries, or on financing not linked to the costs of the relevant operations, on unit costs, on lump sums, on flat-rate financing, or on any combination of these forms. Whatever the form of the grant, the latter aims at co-financing the cost of the activities carried out by the beneficiaries for implementing the concerned actions or work programmes. The results of the action remain the property of the beneficiaries.

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<sup>(16)</sup> In general, a new RCS is developed when the total amount contracted or paid represents at least 10% of the total DG's amount.

## Stage 1: Prior to Contracting

Grants are subject to the publication of work programmes on the Commission websites <sup>(17)</sup> and implemented principally through calls for proposals <sup>(18)</sup>. Calls for proposals are based on a standard template and regularly updated in accordance inter alia with the changes in the Financial Regulation and relevant case law. Applicants are expected to present proposals for actions that correspond to stated objectives and fulfil the required conditions set in each call. All applications are examined and assessed based on eligibility and evaluation criteria (selection and award) that were clearly announced in the calls for proposals. This includes an assessment, by an Evaluation Committee composed in majority of DG ENEST staff, of the technical and financial capacity of the applicant, as well as of the relevance, impact, sustainability and cost effectiveness of the proposals. To prevent any potential conflict of interest, each member of the Evaluation Committee must sign a declaration of impartiality and confidentiality. At the end of the evaluation process, DG ENEST notifies all applicants to inform them of the final decision concerning their proposals. Grants may also be concluded following a direct award.

### A – Identification and formulation of action to be co-financed including choice of instrument and implementation modality

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensuring the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The instrument and/or implementation modality is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.	Quality Review	100%	<b>Economy:</b> Estimation of cost of controls of grant operations up to the identification and formulation, including staff costs. External costs of control are based on values of respective contracts and related disbursements.

<sup>(17)</sup> The Action Documents annexed to the Commission Implementing Decisions adopting Annual Action Programmes constitute the work programmes and the publication consists therefore of making available on Commission website the Action Documents. Additionally, calls for proposals may be announced on the concerned Delegations websites for those that concern the corresponding countries.

<sup>(18)</sup> Part of the grants portfolio is made of grants concluded following direct award, in accordance with the relevant legal provisions (Article 190 of the Rules of Application of the Financial Regulation). The RCS1 described in this report also applies mutatis mutandis to those grants directly awarded.

*B - Preparation, adoption and publication of the Annual Work Programmes and Calls for proposals*

**Main control objectives:** Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
<p>The annual work programmes and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p>	<p>Hierarchical validation within the authorising department.</p> <p>Explicit allocation of responsibility to individual officials (reflected in task assignment or function descriptions).</p> <p>Centralised checklist-based verification</p>	<p>If risk materialises, all grants awarded during the year under this work programme or call would be irregular, inadequate and/or ineffective. Possible impact 100% of budget involved and significant reputational consequences.</p> <p><b>Coverage / Frequency:</b> 100%.</p> <p><b>Depth:</b> Checklist includes a list of the requirements of the regulatory provisions identified.</p>	<p><b>Effectiveness:</b> Number of calls published and grants awarded.</p> <p><b>Efficiency:</b> Time to prepare and adopt calls and time for publication. Number of clarifications needed.</p> <p><b>Economy:</b> Estimated cost of controls of grant preparation adoption and publication.</p>

*C - Selecting and awarding: Evaluation, ranking and selection of proposals*

**Main control objectives:** Ensuring that the most promising projects for meeting the policy objectives are among (a good balance of) the proposals selected (effectiveness); compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.	Assignment of staff (e.g., programme officers) and/or Selection and appointment of expert assessors.  Transparent publication of calls.	100% vetting for technical expertise and independence (e.g., conflicts of interests, nationality bias, ex-employer bias, collusion).	<p><b>Effectiveness:</b> Number of requests of clarification or corrigendum regarding the call. Errors identified during RER exercise and/or DAS sampling.</p> <p><b>Efficiency:</b> Time to grant, time to inform, need to relaunch.</p> <p><b>Economy:</b> Estimation of cost of controls of grant selection.</p>

**Stage 2 - Contracting: Transformation of selected proposals into legally binding grant agreements**

DG ENEST establishes and signs contracts with successful applicants. For this, proposals (description of the action and the budget) are reviewed to remove possible arithmetical errors and ineligible costs, and to bring clarifications and minor corrections where relevant. A standard grant contract model is used for all EU-financed grant contracts for external actions.

**Main control objectives:** Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget	Project Officers implement evaluators' recommendations, including elimination of ineligible costs and arithmetical errors in budgets in a dialogue with the selected applicants during the contract preparation	100% of the selected proposals and beneficiaries are scrutinised.  <b>Coverage:</b> 100% of draft grant agreements.	<b>Effectiveness:</b> Final eligible costs accepted, need for riders to facilitate implementation.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>foreseen overestimates the costs necessary to carry out the action.</p> <p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p>	<p>stage. Hierarchical validation of proposed adjustments.</p> <p>Validation of beneficiaries (operational and financial viability).</p> <p>Validation of the grant agreement by the AO.</p> <p>In-depth financial verification and taking appropriate measures for high-risk beneficiaries.</p> <p>Strict application of the financial checks embedded in the financial and contractual circuits, including the application of the four eyes principle.</p>	<p><b>Depth</b> may be determined after considering the type or nature of the applicant (e.g., large internationally recognized NGOs or local organizations multiple co-applicants, and/or of the modalities (e.g., part of human resources or equipment compared to the total cost of the action) and/or the total value of the grant.</p>	<p><b>Efficiency:</b> Budget savings, reallocation to next ranked proposals.</p> <p><b>Economy:</b> Estimation of cost of controls related to contracting.</p>

***Stage 3 - Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement***

All payment requests and related reports are verified and approved by DG ENEST staff (ex ante controls). Before any transaction (payment, rider, etc.) is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) entities. This is the "four eyes" principle of the Financial Regulation, which DG ENEST, taking into consideration the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly updated in accordance with the results of the risk analyses as well as changes in the regulatory environment or feedback from field users.

The first pre-financing payment, which covers either 80% of the amount of the contract or 100% of the EU's part of the first annual budget for the first year of implementation, is paid after both parties have signed the contract. For multi-annual actions, an interim report (technical and financial) and payment request are sent once a year. The balance is paid on approval of the final report. If it appears that actual eligible costs are lower than anticipated or declared, the grant is reduced proportionately, and any unused amount is recovered.

When required by the grant contract, payment requests or final reports are accompanied by an expenditure verification report of an independent external auditor contracted by the grant beneficiary. DG ENEST has developed standard Terms of Reference including a reporting model for expenditure verifications that are part of the standard annexes of the standard grant contracts. They reinforce the verification of compliance with

the contract terms including those relating to procurement by the beneficiary. These templates are reviewed on a regular basis to ensure the highest efficiency as well as compliance with changes in the relevant legal framework (e.g., Financial Regulation).

Expenditure verifications are compulsory for:

- Any request for payment of the balance in the case of grants of more than EUR 100.000.
- Any request for further (annual) pre-financing payments in case of grants of EUR 5.000.000 or more.

Additional audits to be carried out by external auditors can be contracted by DG ENEST as part of DG ENEST's annual audit plans based on risk analyses or as deemed appropriate by the AOSD.

**Main control objectives:** ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.	Operational and financial checks in accordance with the financial circuits.  Transaction authorisation by the AO.  For riskier operations, ex ante in-depth and/or on-site verification.	100% of the projects are controlled, including only value-adding checks.  Riskier operations subject to in-depth and/or on-site controls. The depth depends on risk criteria.	<p><b>Effectiveness:</b> Delivered output, sustainability.</p> <p><b>Efficiency:</b> KPI on Ineligible amount detected through ex ante controls, number of contracts suspended, amount of penalties, monitoring missions and projects' visits.</p> <p><b>Economy:</b> Estimation of cost of controls related to monitoring of implementation.</p>
	For high-risk operations, reinforced monitoring.  Risk assessment to identify potential ROM, evaluations and on-the-spot (OV and/or FV) monitoring visit. Earmark projects for <i>risk-based</i> system audits (during the first phase of implementation of the project) and financial audits (after receiving at least one interim payment or at the end of the project). See below annual control plans.	High risk operations identified by risk criteria. Red flags: delayed interim deliverables, suspicion of plagiarism, unstable co-applicants set-up requesting many amendments, Early Detection and Exclusion System (EDES), etc.	
	If needed: application of Suspension/interruption of payments, Penalties. Referring grant to OLAF.	<b>Depth:</b> depends on results of controls.	
	Expenditure verification accompanying <ul style="list-style-type: none"> <li>Any request for payment of the balance in the case of grants of more than EUR 100.000.</li> <li>Any request for pre-financing payments per financial year in case of grants of EUR 5.000.000 or more.</li> </ul> Annual Control Plans: Audits and expenditure verifications are planned annually for ongoing and closed operations of DG ENEST overall portfolio. The operations to be verified or audited are determined	<b>Coverage:</b> > 10% of ongoing or very recently closed operations.	<p><b>Efficiency:</b> KPIs on implementation of audit plans, and on ineligible expenditure detected through ex post controls.</p> <p><b>Economy:</b> Estimation of cost of controls related to audits and verifications.</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
	through risk analyses. These controls can take place before or after disbursements recognizing expenditure.		

#### Stage 4 – Ex post controls and Follow-up

Payments for grants in direct management are included in the population of the RER study undertaken each year for DG ENEST on a representative sample of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG ENEST, taking the necessary actions for the recovery of non-eligible expenditures where appropriate.

#### A - Reviews, audits and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls by ex post controls; detect and correct any error or fraud remaining undetected after the implementation ex ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex ante controls (as such) fail to prevent, detect and correct erroneous procedures, payments or attempted fraud.	Through a residual error rate (RER) study a representative sample of closed operations is reviewed to determine the effectiveness of the pyramid of controls put in place by the DG. Findings are validated with fund recipients, used for possible ex post corrections (i.e., recoveries), taken into consideration for improvements of ex ante controls, and referred to OLAF where needed.	MUS sample sufficiently representative to draw valid management conclusions.	<b>Effectiveness:</b> Residual error rate below tolerable threshold. <b>Efficiency:</b> time to deliver RER results, on time for the assurance of the AAR. <b>Economy:</b> Estimation of cost of RER controls of grant operations.
The ex post controls focus on the detection of residual errors.	Supervision missions to Delegations by independent staff not involved in the operational and financial circuits.	Size and composition of sample are determined in accordance with the cooperation portfolios	<b>Effectiveness:</b> Number of supervision mission, number of SMART recommendations accepted and described in an action plan.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
		managed by the visited Delegations.	<b>Efficiency:</b> Time to prepare supervision missions. <b>Economy:</b> Estimated cost of supervision missions.

### *B - Implementing results from ex post audits/controls*

**Main control objectives:** Ensuring that the (audit) results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries made (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits. Validation by the AO.	Coverage: 100% of final audit results with a financial impact.	<b>Effectiveness:</b> All RER detected are recorded in the audit module, followed up and closed. <b>Efficiency:</b> Time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions. <b>Economy:</b> Estimation of cost of follow up of financial recommendations on grant operations.

## **6.1.2. Procurement in Direct Management (RCS 2)**

Procurement contracts are commercial contracts concluded in writing between economic operators and one or more contracting authorities to obtain the execution of works, the supply of goods or the provision of services. In direct management, procurement contracts with third parties are awarded and managed directly by DG ENEST in accordance with the applicable rules and procedures. There are three types of procurement contracts: service contracts (fee based or global price), supply contracts and works contracts.

### **Stage 1: Prior to Contracting**

The basic means of awarding contracts is competitive tendering. All contract awards must obey the principles of transparency, proportionality, equal treatment, non-discrimination and sound financial management. Standard tender procedures are used according to predefined thresholds per type of contract. The selection of the contractor is made by an evaluation committee composed of DG ENEST staff (and possibly one voting member from the beneficiary country) based on pre-defined eligibility, capability (selection) and award criteria. In order to prevent any potential conflict of interest, each member of the Evaluation Committee must sign a declaration of impartiality and confidentiality. At the end of the evaluation process, DG ENEST notifies all tenderers of the final decision concerning their offers.

*A – Identification and formulation of action to be financed including choice of instrument and implementation modality*

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country.

<b>Main risks <i>It may happen (again) that...</i></b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
The instrument and/or implementation modality is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.	Quality Review	100%	<b>Economy:</b> Estimation of cost of controls of procurement operations up to the identification and formulation, including staff costs. External costs of control are based on values of respective contracts and related disbursements.

*B - Planning the procurement and needs assessment*

**Main control objectives:** Effectiveness, efficiency and economy; compliance (legality and regularity).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives.</p> <p>Discontinuation of the services or of works provided, or of the delivery of supplies due to a late contracting (poor planning and organisation of the procurement process).</p>	Validation by AO(S)D of justification (economic operation) for launching a procurement process.	100% of the forecast procurements.	<p><b>Effectiveness:</b> Number of planned tenders that were cancelled.</p> <p><b>Efficiency:</b> Time to prepare and adopt calls and time for publication. Number of clarifications and corrigendum needed. Total cost of controls of process / total expenditure executed during the year.</p> <p><b>Economy:</b> Estimated cost of controls of the planning and publication of procurement operations.</p>

### C - Selection of the offer and evaluation

**Main control objectives:** Effectiveness, efficiency and economy; compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The best offer/s are not submitted due to the poor definition of the tender specifications.	AOSD supervision and approval of specifications.	100% of the calls for tenders including the technical specifications are verified ex ante by Commission staff.	<p><b>Effectiveness:</b> Number of requests of clarification regarding the tender. Number of complaints. Number of litigation cases filed. Errors identified during RER exercise and/or DAS sampling.</p>
	Call for tenders which are technically complex are elaborated by external experts contracted through service contracts and then verified by Commission staff.		
The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process.	Formal evaluation process: Opening committee and Evaluation committee.	100% of the offers analysed. and all documents transmitted.	<p><b>Efficiency:</b> Time to identify the best offer, time to inform, need to relaunch.</p> <p><b>Economy:</b> Estimation of cost of controls of the supervision of specifications and procurement selection.</p>
	Opening and Evaluation Committees' declaration of absence of conflict of interests.	100% of the members of the opening committee and the evaluation committee.	

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
	Final beneficiaries' declaration of absence of conflict of interests.		
	Exclusion decisions documented.	100% checked and required documents provided are consistent.	

### **Stage 2 - Contracting: Transformation of selected offers into legally binding contracts**

DG ENEST establishes and signs contracts with successful tenderers using standard contract models.

**Main control objectives:** Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The contractor lacks operational and/or financial capacity to carry out the actions.	Validation of substantiating documents and experience provided and declared by contractors.	100% of tenders are scrutinised.	<b>Effectiveness:</b> Final eligible costs accepted, need for riders to facilitate implementation.
Procedures do not comply with regulatory framework.	Signature of contracts by the AO. Financial and contractual circuits.		

### **Stage 3 – Monitoring Implementation / Financial transactions**

All invoices and related documents (reports, certificates, guarantees etc.) are verified and approved by DG ENEST staff (ex ante controls). Before any transaction is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) entities. This is the "four eyes" principle of the Financial Regulation, which DG ENEST, taking into consideration the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly updated in accordance with the result of risk analyses as well as changes in the regulatory environment or feedback from field users.

Disbursement of pre-financing is subject to contractual conditions (e.g., if an advance exceeds a specified threshold, the contractor must provide a financial guarantee for the full amount of the pre-financing payment; performance and retention guarantees may also be required above certain thresholds for supply and works contracts). The release of intermediary and final payments is subject to verification/validation of expenditure <sup>(19)</sup>:

- **Service contracts:** All invoices must be accompanied by an interim or final report. All invoices for a fee-based contract must also be accompanied by an up-to-date financial report. Before payments are made for a fee-based contract, an external auditor, contracted by the contractor must examine and verify the invoices and the financial reports sent by the contractor to the Commission. DG ENEST has developed standard Terms of Reference including a reporting model for expenditure verifications which are part of the standard annexes of the standard service contracts.
- **Supply contracts:** The supplies are not accepted until the prescribed verifications and tests have been carried out. The supplies are taken over by the beneficiary when they have been delivered in accordance with the contract, have satisfactorily passed the required tests, or have been commissioned, and after a certificate of acceptance has been issued and has been endorsed by the contracting authority project manager, i.e., the legal or natural person responsible for monitoring the execution. Origin of the supplies is also verified prior to payment where relevant.
- **Works contracts:** The works are not accepted until the prescribed verifications and tests have been carried out. The works are taken over by the partner country beneficiary authorities when they have satisfactorily passed the tests on completion and a certificate of acceptance has been issued or is deemed to have been issued by the Supervisor i.e., the legal or natural person responsible for monitoring the execution of the contract on behalf of the Contracting Authority.

Additional audits to be carried out by external auditors can be contracted by DG ENEST as part of DG ENEST's annual audit plans based on risk analyses or as deemed appropriate by the AOSD.

**Main control objectives:** Ensuring that the implementation of the contract is in compliance with the signed contract

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<sup>(19)</sup> These invoices may be subject to additional ex ante audits contracted as part of NEAR's annual control plans by the Commission as deemed appropriate by the Authorising Officer by Sub-delegation.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The services/supplies/ works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p> <p>Business discontinues because contractor fails to deliver.</p>	<p>Operational and financial checks in accordance with the financial circuits.</p> <p>Transaction authorisation by the AOSD</p> <p>For riskier operations, ex ante in-depth and/or on-site verification.</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>Riskier operations subject to in-depth and/or on-site controls. The depth depends on risk criteria.</p>	<p><b>Effectiveness:</b> Delivered output, Number of riders, amount of liquidated damages, sustainability.</p>
	<p>For high-risk operations, reinforced monitoring.</p> <p>Risk assessment to identify potential ROM, evaluations and on-the-spot (OV and/or FV) monitoring visit. Earmark projects for <i>risk-based</i> system audits (during the first phase of implementation of the project) and financial audits (after receiving at least one interim payment or at the end of the project) See below annual control plans.</p>	<p>High risk operations identified by risk criteria. Red flags: delayed interim deliverables, suspicion of plagiarism, unstable consortium, requesting many amendments, Early Detection and Exclusion System (EDES), etc.</p>	<p><b>Efficiency:</b> KPI on Ineligible amount detected through ex ante controls, number of contracts suspended, amount of penalties.</p> <p><b>Economy:</b> Estimation of cost of controls related to monitoring of implementation.</p>
	<p>If needed: application of suspension/ interruption of payments, penalties or liquidated damages. Referring procurement contract to OLAF.</p>	<p><b>Depth:</b> depends on results of controls.</p>	
	<p>Expenditure verification accompanying most service interim and final invoices (following contractual conditions); acceptance certificates for supplies; role of supervisor on works monitoring; Annual Control Plans: Audits and expenditure verifications are planned annually for ongoing and closed operations of DG ENEST overall portfolio. The operations to be verified or audited are determined through risk analyses. These controls can take place before or after disbursements recognizing expenditure.</p>	<p><b>Coverage:</b> &gt; 10% of ongoing or "recently" closed operations</p>	<p><b>Efficiency:</b> KPIs on implementation of audit plans, and on ineligible expenditure detected through ex post controls.</p> <p><b>Economy:</b> Estimation of cost of controls related to audits and verifications.</p>

**Stage 4 – Ex post controls**

Tender procedures and payments for procurement contracts in direct management are included in the population of the RER study undertaken each year for DG ENEST on a representative sample of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG ENEST taking the necessary actions for the recovery of non-eligible expenditures where appropriate.

### A - Reviews, audits and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls by ex post controls; detect and correct any error or fraud remaining undetected after the implementation of ex ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex ante controls (as such) fail to prevent, detect and correct erroneous tender procedures, payments or attempted fraud.	Through a residual error rate (RER) study a representative sample of closed operations is reviewed to determine the effectiveness of the pyramid of controls put in place by the DG.  Findings are validated with fund recipients, used for possible ex post corrections (i.e., recoveries), taken into consideration for improvements of ex ante controls, and referred to OLAF where needed.	MUS sample sufficiently representative to draw valid management conclusions.	<p><b>Effectiveness:</b> Residual error rate below tolerable threshold.</p> <p><b>Efficiency:</b> Time to deliver RER results, on time for the assurance of the AAR.</p> <p><b>Economy:</b> Estimation of cost of RER controls of grant operations.</p>
The ex post controls focus on the detection of residual errors.	Supervision missions to Delegations by independent staff not involved in the operational and financial circuits	Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.	<p><b>Effectiveness:</b> number of supervision mission, number of SMART recommendations accepted and described in an action plan.</p> <p><b>Efficiency:</b> Time to prepare supervision missions.</p> <p><b>Economy:</b> Estimated cost of supervision missions.</p>

## B - Implementing results from ex post audits/controls

**Main control objectives:** Ensuring that the (audit) results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries made (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	<p>Systematic registration of audit / control results to be implemented.</p> <p>Financial operational validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AO.</p>	<p><b>Coverage:</b> 100% of final audit results with a financial impact. Findings of systemic errors are considered for corrections of non-audited projects by the same contractor, taken into account for future projects.</p>	<p><b>Effectiveness:</b> All RER detected are recorded in the audit module, followed up and closed.</p> <p><b>Efficiency:</b> time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions.</p> <p><b>Economy:</b> Estimation of cost of follow up of financial recommendations.</p>

### 6.1.3. Budget Support and Loans in Direct Management (RCS 3)

#### 6.1.3.a. Budget Support

Budget support (BS) is the transfer of financial resources from the Commission to the National Treasury of a partner country, following the fulfilment of jointly agreed conditions for disbursement. The financial resources received become part of the global resources of the partner country and are consequently used in accordance with the public financial management system of the partner country.

As it generally (except for targeted budget support) contributes to financing the totality of a country's budget and not a specific subset of budgeted expenditures, budget support is accompanied by a dialogue on the overall approach of budget policy and the functioning of public financial management in a context of harmonisation and alignment. This dialogue frequently leads to agreement on capacity development measures.

The Commission implements budget support directly and performs most control functions. The assessment of the achievement of disbursement conditions is generally performed by the EU Delegations with the support of external experts contracted by the Commission.

### 6.1.3.b. Medium and long-term loans

DG ENEST can provide support to third countries also in the form of medium and long term loans, generally in the context of Facilities (e.g., Ukraine Facility and the Reform and Growth facility), each time based on an ad hoc Legislative Decision (co-decision by the European Parliament and Council under the ordinary legislative procedure).

The loan funds can come from the EU budget or can be borrowed on the capital markets and then transferred to the beneficiary country. The funds are not allocated to specific projects or spending categories and their destination, unless otherwise specified, is left to the national authorities to decide. The funds are allocated based on the respect of conditionalities, such as achieving specific reforms, whose compliance is assessed by the Commission.

In line with the provisions of the Regulations establishing the Facilities, the disbursements are made based on a Commission decision authorising the payment that follow the adoption of a Council Implementing Decision providing a positive assessment of the satisfactory fulfilment of qualitative and quantitative steps allocated to each instalment. Before each disbursement, the Commission also monitors the fulfilment of the precondition for support under the specific Facility. For Loans, Operational Verifications are under the remit of DG ENEST and Financial Verifications are under the remit of DG BUDG.

#### ***Stage 1: Identification and formulation***

In line with the legal framework, Commission communication COM (2011) 638/2 ('The Future Approach to EU budget support To Third Countries') sets the four main budget support eligibility criteria as follows:

- Public policy: There is a credible and relevant national/sector policy that supports the overall objectives of poverty eradication and inequality reduction, sustainable and inclusive growth and job creation, the consolidation of democracies and peaceful societies, and the promotion of gender equality.
- Macroeconomic: There is a credible and relevant programme to restore and/or maintain macroeconomic stability.
- Public Financial Management (PFM): There is a credible and relevant programme to improve PFM.
- Budget transparency: the government has published either the executive's proposal or the enacted budget within the previous or current budget

cycle.

When designing budget support programmes, DG ENEST relies on a framework based on clear policy objectives of the partner country, priorities and results to be achieved, their consistency with budgetary allocations, and the capacity of the partner to implement them. This framework is the basis for the policy dialogue with the partner country, which can be fed when relevant by the assessment of performance which ultimately trigger disbursements.

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensuring the proper type of support and modalities specific to each partner country.

**Overall control efficiency indicator:** Estimated cost of controls of budget support operations divided by total amount of expenditure under budget support operations in the year.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commission supports partner countries which do not meet the criteria on fundamental values and/or the 4 eligibility criteria.</p> <p>The programme is wrongly formulated to meet the general objectives for budget support programmes.</p> <p>The programme's specific objectives and indicators are not aligned with partner countries own development policies, are not coordinated with other aligned donors, are not consistent with EU development policy or will have no impact on the on-going reforms.</p>	Quality Review in HQ to analyse the draft action document of the project (FIP).	100% of BS FIP	<p><b>Economy:</b> Estimation of cost of controls of identification and formulation.</p>
	Quality Review in HQ to analyse the action document, specific annexes related to BS (i.e., public policy, PFM and budget transparency report) of the programme and the draft annex on budget support indicators (part of the Financing agreement - FA).	100 % of BS FAs	
	DG ENEST step by step financial circuit for level one commitments in budget support operations.	100 % of BS FAs	
	RISK assessment framework for budget support operations: Implemented by the Delegation and reviewed in the FAST <sup>(20)</sup> for substantial or high-risk BS programmes.	Substantial or high-risk BS FAs.	
	Political dialogue with all partner countries authorities donor coordination by EU Delegation, internal coordination inside the		

<sup>(20)</sup> Financial Assistance Steering Committee.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
	Commission (Delegation, DG ENEST, Line DGs) and involvement of EEAS.		

### Stage 2 – Contracting

DG ENEST concludes standard Financing Agreements (FA) with partner countries benefitting from budget support. These FA include objectives, expected results, main activities, financing plan/budget, implementation modalities, monitoring of performance and criteria for disbursement.

**Main control objectives:** Ensuring that the main parameters of the budget support transaction are correctly encoded in the contract database.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
Important parameters relevant for disbursements under budget support operations are wrongly encoded.	DG ENEST step by step financial circuit for level two commitments in budget support operations.	100% of parameters.	<b>Economy:</b> Estimation of cost of controls of staff verifying the main parameters.

### Stage 3 – Monitoring of the implementation – operational, financial and reporting aspects

The budget support eligibility conditions at the time of implementation are differently formulated compared to the eligibility assessment at the time of formulation. Satisfactory progress in the implementation is expected for three of the conditions:

- Public policy: satisfactory progress in the implementation of [cite appropriate public policy/strategy document] and continued credibility and relevance of that or any successor strategy.

- Macroeconomic: maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Public financial management: satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Budget Transparency: satisfactory progress regarding the public availability of accessible, timely, comprehensive, and sound budgetary information.

Disbursements only take place once the above-mentioned budget support eligibility criteria and indicators are met, and for variable tranches if the agreed measurable results (e.g., policy reforms or service delivery targets) have been achieved by the deadline set in the FA. Thus, the ex ante transactional checks performed by Commission staff at the point of payment claims on continuing eligibility and fulfilment of disbursement performance criteria are fundamental to the budget support control structure. In case of partial or weak fulfilment of disbursement conditions, the Commission may decommit/withhold or reduce disbursements, often in a co-ordinated manner with other donors, until corrective measures are undertaken by the partner government and agreed conditions are finally fulfilled.

Senior management level governance over budget support is ensured by the **FAST (Financial Assistance Steering committee)**, which is a committee chaired by the Director-General ensuring coherence and consistency in programming and implementation across the regions within DG ENEST's competence. The FAST for Budget Support includes other relevant services, as EEAS, ECFIN, INTPA and possibly line DGs in charge for the supported reforms. A key tool for the FAST to maintain strategic oversight over budget support is country specific strategic discussions, which are conducted in low/medium risks beneficiaries. These discussions typically cover the ongoing portfolio of budget support programmes and disbursements, as well as the outlook for the new operation together with the context, challenges, opportunities and key benefits of budget support in the country. In addition, the FAST reviews payments, discusses the conditions for possible disbursements and approves the disbursements to beneficiaries.

The FAST also validates the Risk Management Frameworks (RMFs) for the budget support beneficiaries. The **risk management framework** is part of DG ENEST's decision-making process regarding budget support operations. Building on an identification of major risks and ways to mitigate them, the risk management framework systematically (at least annually) informs the policy dialogue with partner countries on the strategic level, as well as focussing on key issues.

Eligibility criteria must be met both prior to and throughout the subsequent life of a budget support programme. The continuous assessment of the eligibility criteria enables the Commission to ensure the legality and efficiency of the programmes, from commitments through to disbursements.

**Main control objectives:** Ensuring that the operational results meet the conditions, objectives and expected results (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commissions fails to identify a significant deterioration of fundamental values and/or wrong assessment on the 4 eligibility criteria before BS payments are released.</p> <p>The Commission makes a wrong calculation of the amount to be disbursed for the variable tranches</p> <p>Risk that transfers of funds into the Treasury account have not respected the terms of the financing Agreement on exchange rate and treasury credit delay.</p>	<p>Policy structured dialogue.</p> <p>EEAS and thematic expert assessment of Human Rights (HR) and Fundamental Values (FV) situation.</p> <p>All budget support disbursement files are shared ('standard review process') with ENEST thematic teams, EEAS, ECFIN and INTPA for their review and comments to limit the rate of error and ensure a coherent interpretation of the level of compliance of general conditions. The substantial/high risks countries are also submitted to the FAST Committee review and strategic steer adding an additional layer of oversight.</p> <p>On eligibility, risk assessment framework and policy performance framework.</p> <p>DG ENEST step by step financial circuit for payments in BS operations.</p> <p>Clear and unambiguous calculation methods for variable tranches are introduced in the financing agreements (e.g., amounts paid in proportion of the fulfilment of criteria and objectives set in a policy matrix).</p> <p>Risk assessment framework implemented by the Delegations and reviewed in the FAST for substantial or high-risk BS programmes.</p> <p>Beneficiary's obligation to confirm date of credit and exchange rate used.</p>	<p>100% of BS payments or substantial or high risks BS payments.</p>	<p><b>Economy:</b> Estimation of cost of controls of monitoring.</p>

### Stage 4 – Ex post controls

Payments for budget support are included in the population of the RER study undertaken each year by DG ENEST on a representative sample of closed contracts. Findings from the RER study are systematically followed up by DG ENEST, taking necessary actions for the recovery of non-eligible amounts where appropriate.

#### A – Ex post controls and follow-up

**Main control objectives:** Measuring the effectiveness of ex ante controls; detect and correct any error or fraud remaining undetected after the implementation of ex ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings; ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex ante controls fail to prevent, detect and correct erroneous procedures, disbursements or fraud.	Residual error rate study.	BS payments are included in the scope of the RER study (MUS sample).	<p><b>Effectiveness:</b> Residual error rate below tolerable threshold.</p> <p><b>Efficiency:</b> Time to deliver RER results, on time for the assurance of the AAR.</p> <p><b>Economy:</b> Estimation of cost of RER controls of grant operations.</p>
The ex post controls focus on the detection of residual errors.	Review of sample transactions during supervision missions to Delegations.	Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.	<p><b>Effectiveness:</b> Number of supervision mission, number of SMART recommendations accepted and described in an action plan.</p> <p><b>Efficiency:</b> Time to prepare supervision missions.</p> <p><b>Economy:</b> Estimated cost of supervision missions.</p>

## B - Implementing results from ex post audits/controls

**Main control objectives:** Ensuring that the results from ex post controls lead to appropriate corrective measures (legality and regularity; anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The deficiencies, errors, and irregularities detected through ex post controls are not addressed (timely).	Systematic registration of ex post control outcomes to be implemented.  Authorisation by AOSD.	<b>Coverage:</b> 100% of ex post control outcomes <i>with a financial impact</i> . Findings of systemic errors might be extended to non-audited BS schemes with the same partner country.	<b>Effectiveness:</b> All RER detected are recorded in the audit module, followed up and closed.  <b>Efficiency:</b> Time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions.  <b>Economy:</b> Estimation of cost of follow up of financial recommendations.

## 6.2. Indirect Management

Indirect management is a method of implementation under which the final recipient receives EU funds through an agreement concluded with an intermediary entity to which the tasks of selecting the final recipients and managing the resulting contracts have been entrusted by the Commission. The recipient is either an Indirect Management Entrusted Entity (IMEE – RCS 5) such as an International Organisation or a Member State Agency; or an Indirect Management with beneficiary countries (IMBC – RCS 4). For the reasons explained below, Cross-Border Cooperation (CBC) is included under IMBC.

### 6.2.1. Indirect management with beneficiary countries (RCS 4)

The Commission may entrust the implementation of EU funds to third countries (or to entities designated by them) under indirect management. The scope of delegation of the budget-implementation tasks may vary. There are 3 options of indirect management with third countries: (i) partial delegation, (ii) conferral of management powers and entrustment of budget implementation tasks under IPA II and IPA III (referred to as indirect management with IPA beneficiary countries) and (iii) pool funds for sector wide programmes (the latter is not currently used in ENI, NDICI or IPA).

Indirect management with a third country is, regardless the scope of delegation, a transfer of budget-implementation tasks from the Commission to the third country. The policy choices have been made by the Commission. The Commission remains politically responsible, within the framework of the discharge of the EU budget, for how the third country carries out the budget implementation tasks entrusted to it. For this reason, the Commission puts in place controls on the entity that carries out these tasks.

In particular, under the IPA instrument the entrustment is full, including payments, while under the ENI/ NDICI instrument, the entrustment to a beneficiary country is usually only partial as payments are still made directly by the Commission.

Budget support to a beneficiary/partner country is another way of transferring resources to a beneficiary/partner country. Budget support, however, is implemented directly by the Commission (direct management) , so it does not fall under this RCS (more details in RCS 3).

In line with the scope and methodology of the RER study, DG ENEST includes under the RCS4 all the Cross-Border Cooperation programmes, which were implemented under indirect management in the Enlargement (section 6.2.1a below) and under shared management in the Neighbourhood (section 6.2.1.b below). In 2020, ongoing CBC programmes were transferred to DG Regional and Urban Policy; DG NEAR kept in its portfolio only the programmes that had reached the end of the implementation period but were not closed yet.

#### 6.2.1.a. Indirect management with IPA beneficiary countries (RCS 4)

Under IPA IMBC, the entities designated by IPA beneficiary countries are entrusted by the Commission with the implementation of the IPA assistance. The Commission remains ultimately responsible for the EU budget, in line with Article 317 TFEU and informs the European Parliament and the Council of the operations carried out by the entities and persons in charge. This method of implementation relies on the (pre-assessed) conditions and systems of the third countries (complemented since 2016 by the RER) and the efficiency of these systems depends on the state of development of administrative capacity in the country concerned. As reported above, this section covered also the CBC programmes implemented under indirect management in the IPA countries.

All IPA beneficiary countries implementing the budget under indirect management are required to respect some ground rules such as ensuring sound financial management, the absence of conflict of interest, the respect of the principle of transparency and the setting up of an effective and efficient internal control system when implementing the EU budget. In addition, they must provide to the Commission an annual management declaration, implementation reports and annual accounts followed by an audit activity report and opinion.

#### ***Stage 1 – Prior to contracting: Programming, evaluation and selection of proposals***

In order to safeguard the financial interests of the Union, the IPA Framework Agreements (for IPA and IPA II programmes) and the IPA Financial Framework Partnership Agreements (for IPA III) signed with the IPA beneficiary countries require them to:

- a) set up and ensure the functioning of an effective and efficient internal control system;
- b) use an accounting system that provides accurate, complete and reliable information in a timely and regular manner clearly distinguishing costs accepted and payments made;
- c) provide for the structures and authorities referred to in Article 10(1) and (2) of the IPA II Framework Agreement, and Article 10(1) of the IPA III Financial Framework Partnership Agreement being subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit authority functionally independent of the structures and authorities concerned;
- d) apply appropriate rules and procedures for providing financing from IPA II and III assistance through grants, procurement and financial instruments.

The IPA beneficiary must also:

- a) ensure the ex post publication of information on recipients of IPA assistance;
- b) ensure a reasonable protection of personal data as laid down in Directive 95/46/EC of the European Parliament and the Council and Regulation (EC) No 45/2001 of the European Parliament and the Council.

Before the Commission signs a financing agreement entrusting the implementation of IPA assistance, it reviews the request by the National Authorising Officer and the established structures and authorities and, for the purposes of the ex ante assessment pursuant to Article 157.3. of the Financial Regulation 2024/2509 (repealing the Financial Regulation 2018/1046), obtains evidence that the requirements set out in points (a) to (d) of Article 12(3) (points (a) to (f) of Article 12(3) for IPA III FFPA) and those of Annex B to the IPA Framework Agreement (and Annex B to the FFPA for IPA III) are fulfilled. This review may include on-the-spot verifications by the Commission. Moreover, and as a rule, all contracts must be awarded and implemented in accordance with the procedures and standard documents laid down by the Commission for its external operations, in force at the time of the launch of the procedure in question (with ex ante or ex post control by the Commission).

Ex ante control means that the EU delegations carry-out controls at regular steps during the procedure (for calls for tenders or proposals) and give their approval at all important stages and before the award of a contract, as detailed in the 'Procurement and Grants for European Union external actions – A practical Guide' (PRAG). This represents an important mitigating element in the overall assessment of the functioning of IPA management, control and supervision systems in the IPA beneficiary countries. In case where the approval cannot be granted, the corresponding activities are not eligible for IPA funding.

**A - Preparation, adoption and publication of the Programming decision(s) (including choice of method of implementation) and signature of the respective financing agreement**

**Main control objectives:** Ensuring that the Commission selects the implementation mode and subsequently the proposals/offers that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality and regularity) and prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Decision(s) do not adequately reflect the policy objectives, priorities.</p> <p>For IPA, the establishment (or prolongation) of the mandate of the beneficiary country is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity).</p>	<p>Hierarchical validation within the authorising department. Thorough relevance and maturity assessment done by operational units and quality review done by both the operational and the Finance &amp; Contracts units.</p> <p>Inter-service consultation, including all relevant DGs.</p> <p>Adoption by the Commission.</p> <p>Systems audits and/or verification missions (for IMBC under IPA): systematic and standard desk-review and risk-based field visit verification, on-the-spot checks and ex ante control by EU delegations.</p>	<p>If risk materialises risk that some or all costs would be ineligible for EU funding. Possible impact on budget involved and significant reputational consequences.</p> <p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> systematic control of the necessary requirements</p>	<p><b>Effectiveness:</b> Findings following verification by the Commission; consumption rate of commitment credits</p> <p><b>Economy:</b> Cost of control for the programming phase.</p>

## B - Selecting and awarding: Evaluation and selection of proposals/offers

**Main control objectives:** Ensuring that the best proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness) by IPA beneficiary countries; compliance (legality and regularity) and prevention of fraud (anti-fraud strategy) by IPA beneficiary countries.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the calls for proposals/tenders.</p> <p>Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers.</p>	<p>Assignment of staff (e.g., Task Managers).</p> <p>For IMBC, ex ante controls by EU Delegations.</p>	<p>100%</p>	<p><b>Effectiveness:</b> Appropriate planning of selection and award of contracts within the deadlines.</p> <p><b>Efficiency:</b> Rejection rates <sup>(21)</sup>.</p> <p><b>Economy:</b> Cost of control for the evaluation phase.</p>

### **Stage 2 - Contracting: Transformation of selected proposals / offers into legally binding grant agreements / contracts**

The national Contracting Authorities establishes and signs agreements with the organisations /entities assessed and identified under stage 1. Standard agreement models are used for all EU-financed operations under IMBC. The endorsement of a contract by the Commission prior to its conclusion by the Contracting authority signals the Commission's agreement to the financing of the contract. In the event of a failure to comply with the procedures, the Commission may refuse its approval for a given transaction and thereby refuse EU funding for the transaction in question.

**Main control objectives:** Ensuring that the actions and fund allocation is optimal (best value for public money; effectiveness, economy, efficiency); compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

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<sup>(21)</sup> Ratio between the number of rejections of tender, evaluation, and contracts documents submitted by National Implementing Agencies (IAs) for the Commission's ex ante control and the absolute number of submissions of documents for approval in the reporting year.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>The recipient /contractor does not meet eligibility criteria or lack financial capacity to carry out the actions.</p>	<p>Assignment of staff (e.g., Task Managers).</p> <p>Standard and systematic verification missions, for IMBC ex ante control by EU Delegations and ex post control for some of the projects under the IPA III Operational Programmes 2024-2027</p>	<p>100% of the selected proposals / offers and recipients / candidates are scrutinised.</p> <p><b>Coverage:</b> 100% of draft grant agreements / contracts.</p>	<p><b>Effectiveness:</b> Contracting rates within the D+3 deadline for Annual Action Programmes, and commitment rates within the D+5 deadline for Multiannual/Operational Programmes.</p> <p><b>Efficiency:</b> Rejection rates; derogations, prior approvals and other exceptions authorised.</p> <p><b>Economy:</b> Cost of control for the contracting phase.</p>

### Stage 3 - Monitoring implementation

This stage covers the monitoring the operational, financial and reporting aspects related to the projects following the principles and using the controls laid down in the framework agreements. At IPA beneficiary countries level, the summary of the daily control framework is the following:

- The **Contracting Authority** performs management verifications before declaring expenditure to the National Fund (Accounting Body for IPA III) ex ante documentary checks on all payment claims and on the spot checks on sampled transactions;
- The **National Authorising Officer**, supported by the Management Structure, analyses the documentation and reports from the previous level of verification before certifying the legality and regularity of expenditure declared to the Commission. He/she takes steps to satisfy him/herself that adequate controls have been made by the Contracting Authority, including carrying out his/her own checks (such as monitoring missions and risk based on the spot checks) when deemed necessary.

The **Audit Authority** has the responsibility to design an audit strategy to perform audits of the management, control and supervision systems and ex post audits of representative samples of operations, as well as complementary audits on high-risk operations where necessary. The Audit Authority provides the Commission an Annual Activity Report and an annual audit opinion on the functioning of the management, control and supervision systems, and, of the quality and effectiveness of the verification by contracting authorities and the management structure, and the error rate resulting from its audit of sampled transactions and the assurance provided by the NAO.

**Main control objectives:** Ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).</p>	<p>Operational monitoring in accordance with the responsibilities of the Commission.</p> <p>For high/very high projects this may include on the spot missions.</p>	<p>100% of the projects are monitored; Verification mission by Commission staff.</p>	<p><b>Effectiveness:</b> Delivered output, sustainability.</p> <p><b>Efficiency:</b> Irregularities reported by the National authorities; Verification recommendations by the Commission and audit findings by the NAO and Audit Authority.</p> <p><b>Economy:</b> Cost of control for the monitoring phase.</p>
	<p>If needed: application of interruption of payments or penalties. Referring contractors to OLAF and management of reported cases of irregularities.</p>	<p>Depth: depends on results of ex ante controls / risk assessment.</p>	

### Stage 4 - Ex post controls <sup>(22)</sup>

Closed contracts of operations in IPA IMBC are included in the population of the RER study of DG ENEST.

#### A - Reviews, audits and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls; detect and correct any error or fraud remaining undetected after the implementation of ex ante controls (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	Specific statistically representative RER study for IMBC.	Methodology developed by an external auditor.	<p><b>Effectiveness:</b> Residual error rate below tolerable threshold.</p> <p><b>Efficiency:</b> time to deliver RER results, on time for the assurance of the AAR.</p> <p><b>Economy:</b> Estimation of cost of RER controls of grant operations.</p>
The audit strategy focuses on the detection of external errors (e.g., made by recipients) and do not consider any internal errors made by staff or embedded systematically in the own organisation.	Audit Authority to establish an audit strategy, performed by independent staff not involved in the operational and financial circuits.	The representative sample enables drawing valid conclusions about the entire population.	<p><b>Effectiveness:</b> substantiated audit opinion by the audit authority.</p> <p><b>Economy:</b> Estimation of cost of controls to review AA structure design and operating effectiveness.</p>

<sup>(22)</sup> As of year 2019, contracting in all IPA IMBC countries is also subject to full ex ante control by the EU Delegations. Operational programmes under IPA III shall be subject to ex post controls

## B - Implementing results from ex post audits/controls

**Main control objectives:** Ensuring that the (audit) results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented.  Financial operational validation of recovery in accordance with financial circuits and Authorisation by the relevant AOSD	Coverage: Final audit results with a financial impact.	<p><b>Effectiveness:</b> All RER detected are followed up and closed.</p> <p><b>Efficiency:</b> time to close audit module RER entries, amount recovered.</p> <p><b>Economy:</b> Estimation of cost of follow up of financial recommendations.</p>

### 6.2.1.b. Indirect management with partner countries in the Neighbourhood region (RCS 4)

All third countries implementing the budget under indirect management are required to either have in place procedures which provide a level of assurance equivalent to the Commission's own (i.e. ensuring sound financial management, the absence of conflict of interest, the respect of the principle of transparency and the setting up of an effective and efficient internal control system) or they are requested to follow the Commission's own External Action procedures, by following the "Practical Guide on contract procedures for European Union external action (PRAG)".

In the latter case, all contracts must be awarded and implemented in accordance with the procedures and standard documents laid down by the Commission for its external actions, in force at the time of the launch of the procedure in question (with ex ante control by the Commission at regular steps during the procedure). Ex ante control means that the Commission must give its prior approval at all important stages in a contract award procedure, as detailed in the Practical guide to contractual procedures for EU external actions (PRAG).

The endorsement of a contract prior to its conclusion by the Commission signals the Commission's agreement to the later financing of the contract <sup>(23)</sup>, provided that no errors in the procurement and grant award procedures are discovered later. In the event of a failure to comply with

<sup>(23)</sup> Contracts within a programme-estimate are only submitted by the partner country to the European Commission for endorsement if they entail derogations to standard provisions.

the procedures, the Commission may at any time refuse its approval for a given operation and thereby refuse EU funding for the operation in question.

In addition, the Commission exercises control through audits or verifications of ongoing and closed projects contracted as part of DG ENEST's annual audit and verification plans, so ex post controls are also possible.

The EU financial interests are therefore safeguarded, in addition to all the other possible means offered by the Financial Regulations, by the Commission's ex ante control of individual transactions as well as subsequent controls or audits and resulting recovery of any unduly disbursed funds where the agreed procedures have not been respected, or where the activities were not eligible for EU financing.

Despite the delegation to partner country to conduct procurement or grant procedures, as concerns payments, the entrustment to a partner country can either be full (when the partner country is authorised to directly make payments to contractors and grant beneficiaries out of an EU-funded account called "imprest account") or only partial (when payments requests are validated by the partner country, but finally made directly by the Commission).

The overview of the specificities of indirect management with the countries of the neighbourhood region is presented in the table below by degree of delegation. There are two main options: (i) partial delegation and (ii) programme estimates. The use of programmes estimates was being phased out by DG NEAR, it is no longer implemented by DG ENEST partial delegations are still in use.

Degree of delegation	Operation	Programme Estimates	Partial Delegation
<b>Full Delegation</b>	<i>Procurement/ Grants</i>	Contracts below EUR 100 000 are subject to ex post checks only. Contracts between EUR 100 000 and EUR 300 000 are also subject to ex ante endorsement by the EUD.	<i>Not allowed</i>
	<i>Payments</i>	Payments for contracts below EUR 300 000 are executed by the partner country.	
<b>Partial Delegation</b>	<i>Procurement/ Grant</i>	All contracts above EUR 300 000 ("specific commitments") are subject to ex ante endorsement by the EUD as well as ex post checks.	Contracts are managed by the partner country, subject to ex ante endorsement by the EUD, as well as ex post checks.
	<i>Payments</i>	All payments for specific commitments are executed by the EUD.	All payments are executed by the EUD.

<b>Direct Management</b>	<i>Procurement</i>	Audits and Evaluation contracts are directly contracted by the EUD.	<i>Not applicable</i>
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The following two sections provide more details on partial delegation and programme estimates in indirect management with the countries of the neighbourhood region.

#### 6.2.1.b.1. Partial delegation

Responsibility for the procurement and grant award procedures is transferred to the partner country. The contracting authority assumes full responsibility for its actions and is accountable for them in any subsequent audit or investigation. In this scope of delegation, it is the Commission, and not the contracting authority, which makes all payments directly to the contractors and grant beneficiaries. Therefore, this delegation is partial: it does not include the delegation of the budget-implementation task of carrying out payments.

In several Neighbourhood countries twinning programmes are also implemented via indirect management, whereby the partner country acted as contracting authority for the grant contracts with Member States. The final choice of the twinning partner is left to the partner country's authorities. The procurement and contract are managed by the partner country, while the payments are processed by the EU Delegation. Therefore, all contracts under "partial delegations" are also named "endorsed procurement" or "endorsed grant".

The Commission's ex ante control of the procurement and grant award procedures is defined in the PRAG (Practical Guide to Contract Procedures for EU External Actions). The endorsement of a contract prior to its conclusion by the Commission signals the Commission's agreement to the later financing of the contract, provided that no errors in the procurement and grant award procedures are discovered later. In the event of a failure to comply with the procedures, the Commission may at any time refuse its authorisation for a given operation and thereby refuse EU funding for the operation in question.

## Stage 1 – Prior to Contracting

### A - Identification and formulation of action to be financed including choice of instrument and implementation modality

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality & regularity) and ensures the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The instrument and/or implementation modality is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.</p> <p>The establishment (or prolongation) of the mandate of the partner country is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity).</p>	<p>Hierarchical validation within the authorising department.</p> <p>Inter-service consultation, including all relevant DGs, if applicable.</p> <p>Verification of the programme estimate by the steering committee, where applicable.</p> <p>Adoption by the Commission.</p> <p>Systems audits and/or verification missions.</p> <p>Systematic and standard desk-review and risk-based field visit verification, ex ante control by EU delegations.</p>	<p>If risk materialises risk that some or all costs would be irregular. Possible impact on budget involved and significant reputational consequences.</p> <p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> systematic control of the necessary requirements</p>	<p><b>Effectiveness:</b> Findings following verification by the Commission; consumption rate of commitment credits</p> <p><b>Economy:</b> Cost of control for the programming phase.</p>

## B – Planning, selecting and awarding

**Main control objectives:** Ensuring that the most promising proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness) by beneficiary countries; compliance (legality and regularity) and prevention of fraud (anti-fraud strategy) by beneficiary countries.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The planning and programming are not carried out in accordance with the applicable rules, established procedures and with the policy objectives and priorities.</p> <p>The needs are not well defined (operationally and economically) to meet the policy objectives.</p> <p>The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the applicable rules, established procedures, policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria.</p> <p>Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers.</p>	<p>Assignment of staff with explicit allocation of responsibility to individual officials (e.g., Task Managers).</p> <p>AO(S)D supervision and approval.</p> <p>Ex ante controls by EU Delegations.</p> <p>Formal evaluation process.</p> <p>Declaration of absence of conflict of interests by the members of the evaluation committees.</p> <p>Exclusion decisions documented.</p> <p>Redress procedures.</p> <p>Publication of intended procedures/ programmes.</p> <p>Review and endorsement by the AO(S)D of the work programme to be implemented by a partner country.</p> <p>For the implementation of the imprest component of the programme estimate, appointments by the partner countries of the imprest administrator and the imprest accounting officer.</p>	<p>100%</p>	<p><b>Effectiveness:</b> Appropriate planning of selection and award of contracts within the deadlines.</p> <p><b>Efficiency:</b> Rejection rates.</p> <p><b>Economy:</b> Cost of control for the evaluation phase.</p>

**Stage 2 - Contracting: Transformation of selected proposals / offers into legally binding grant agreements / contracts**

**Main control objectives:** Ensuring that the actions and fund allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
<p>The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>The recipient /contractor does not meet eligibility criteria or lack operational or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p>	<p>Assignment of staff with explicit allocation of responsibility to individual officials (e.g., Task Managers).</p> <p>For the implementation of the imprest component of the programme estimate, appointments by the partner countries of the imprest administrator and the imprest accounting officer.</p> <p>AOSD supervision and approval.</p> <p>Standard and systematic verification missions.</p> <p>Ex ante control by EU Delegations.</p>	<p>100% of the proposal/ offers/ recipient/ candidates/ grant agreements/ contracts are scrutinised.</p> <p><b>Coverage:</b> 100% of draft grant agreements / contracts.</p>	<p><b>Effectiveness:</b> Contracting rates within the D+3 deadline.</p> <p><b>Efficiency:</b> Rejection rates; derogations, prior approvals and other exceptions authorised.</p> <p><b>Economy:</b> Cost of control for the contracting phase.</p>

### Stage 3 - Monitoring implementation

This stage covers the monitoring the operational, financial and reporting aspects related to the projects following the principles and using the controls foreseen in the framework agreements.

**Main control objectives:** Ensuring that the operational results are of good value and meet the objectives and conditions (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).</p>	<p>Operational monitoring, financial checks and authorisations in accordance with the responsibilities of the Commission.</p> <p>For the implementation of the imprest component of the programme estimate, appointments by the partner countries of the imprest administrator and the imprest accounting officer.</p> <p>Expenditure verification reports.</p> <p>On the spot missions and in-depth controls for high/very high projects/ operations.</p> <p>Approval of the proposed amendments to the programme estimates.</p>	<p><b>Coverage:</b> 100% of the projects are monitored; 100% of the payments are controlled. Verification mission by Commission staff.</p>	<p><b>Effectiveness:</b> Delivered output, sustainability.</p> <p><b>Efficiency:</b> Irregularities reported by the National authorities; Verification recommendations by the Commission and audit findings by the NAO and Audit Authority.</p>
	<p>If needed: application of interruption of payments or penalties, call of financial guarantees, referring contractors to OLAF and management of reported cases of irregularities.</p>	<p><b>Depth:</b> depends on results of ex ante controls / risk assessment.</p>	<p><b>Economy:</b> Cost of control for the monitoring phase.</p>

### Stage 4 – Ex post controls

Closed contracts of operations in IMBC are included in the population of the RER study of the DG.

#### A - Reviews, audits and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls; detect and correct any error or fraud remaining undetected after the implementation of ex ante controls (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	RER study of a representative sample of closed operations determines the effectiveness of ex ante controls.  Findings are validated with fund recipients, used for possible ex post corrections (i.e., recoveries), taken into consideration for improvements of ex ante controls, and referred to OLAF where needed.	Methodology developed by an external auditor.	<p><b>Effectiveness:</b> Residual error rate below tolerable threshold.</p> <p><b>Efficiency:</b> time to deliver RER results, on time for the assurance of the AAR.</p> <p><b>Economy:</b> Estimation of cost of RER controls of grant operations.</p>

## B - Implementing results from ex post audits/controls

**Main control objectives:** Ensuring that the (audit) results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented.  Financial operational validation of recovery in accordance with financial circuits and authorisation by the relevant AOSD	<b>Coverage:</b> final audit results with a financial impact.	<b>Effectiveness:</b> All RER detected are followed up and closed.  <b>Efficiency:</b> time to close audit module RER entries, amount recovered.  <b>Economy:</b> Estimation of cost of follow up of financial recommendations.

### 6.2.2. Indirect management with entrusted entities (RCS 5)

Under indirect management with entrusted entities, the implementation of the budget is entrusted by the Commission to this type of entity in the form of programmes or actions. Candidate entities to be entrusted with budget-implementation tasks (~~the candidate delegatee~~) must demonstrate a level of financial management and protection of the EU financial interests equivalent to that required when the Commission manages European Union funds. This is verified by carrying out an ex ante assessment ("pillar assessment") for which the entities concerned must have been assessed positively.

- **Stage 1 – Prior to Contracting**

Eligible counterparts to be entrusted with implementation tasks have to demonstrate a level of financial management and protection of the EU financial interest equivalent to that of the Commission when it implements the Budget in direct management. This is verified by carrying out an ex ante assessment, a pillar assessment of the entity. Pillars are the broad areas covered by this assessment. Following changes brought by the 2018 Financial Regulation and the subsequent adoption of a revised pillar assessment methodology on 17 April 2019, these are:

- Basic pillars (compulsory): (1) internal control, (2) accounting, (3) independent external audit;
- Operational pillars (optional): (4) grants (including certain aspects from the discontinued sub-delegation pillar), (5) procurement, (6) financial instruments
- New pillars (compulsory): (7) exclusion from access to funding, (8) publication of information on recipients, (9) protection of personal data.

A – Ex ante (re)assessment of the entrusted entity’s financial and control framework (towards “budget autonomy”; “financial rules”)

**Main control objectives:** Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 Internal Control Objectives.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).	<p>Ex ante pillar assessment, conditional to granting budget autonomy.</p> <p>Hierarchical validation within the authorising department.</p> <p>Requiring justification and prior consent for any deviating financial rules.</p> <p>Postponing the budget autonomy.</p> <p>Obligation to notify any subsequent changes embedded in Board proceedings.</p> <p>Appropriate supervisory measures are foreseen to address potential weaknesses detected by the pillar assessment.</p>	<p><b>Coverage/frequency:</b> 100% of entrusted entities/once by one DG appointed as lead, but valid for all Commission DGs.</p> <p><b>Depth</b> may be determined after considering the <u>type or nature</u> of the entrusted entity and/or the <u>value</u> of the budget concerned.</p>	<p><b>Effectiveness:</b> All pillar assessments finalized when opportunity and legal checks are validated.</p> <p><b>Efficiency:</b> Time to assess the pillars of an entity.</p> <p><b>Economy:</b> Estimation of cost of controls implemented by DG ENEST staff.</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
	Pillar assessment to be updated each time that there is a material change in the management and control systems of the eligible counterpart.		

## B - Identification and formulation

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The instrument and/or implementation modality does not adequately address the policy objectives set out in the applicable regulations and/or is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.	<p>Quality Review</p> <p>NDICI Committee validates multiannual indicative plans (MIPs) and the choice of implementation modalities, under Commission's proposal.</p> <p>Hierarchical validation (incl. at DG level) of annual work plan and Contribution Agreements, including notably the ex ante evaluation (required by FR art. 209).</p>	<p><b>Coverage/frequency:</b> 100%.</p> <p><b>Depth:</b> full consideration of programming documents.</p>	<p><b>Effectiveness:</b> Coverage of thematic and geographic priorities established in the investment programmes.</p> <p><b>Efficiency:</b> Time to assess and select proposals.</p> <p><b>Economy:</b> Estimation of cost of controls in the identification and formulation phases.</p>

**Stage 2 – Contracting (i.e., Establishment (or prolongation) of the mandate to the entrusted entity (“delegation act”/ “contribution agreement/ etc...))**

DG ENEST establishes and signs agreements with the organisations assessed and identified under the previous stage. A standard agreement model is used for most of the EU-financed operations under indirect management with entrusted entities, except for EIF agreements, which are for the moment drafted on a case-by-case basis. Where relevant, specificities of eligible entities are addressed in framework agreements and, in some specific cases, using separate templates (e.g., World Bank Group, EIB, EIF).

**Main control objectives:** Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality and regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy, alignment of interest).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The establishment (or prolongation) of the mandate of the entrusted entity is affected by legal issues, which would undermine the legal basis for the management of the related EU funds (via that particular entity).	The establishment of the agreements concerned (PAGoDAs, Delegation Agreements, Contribution Agreements, etc.) is submitted to hierarchical validation within the authorising department and to Inter-service consultation, including all relevant DGs.	<p><b>Coverage:</b> 100%.</p> <p><b>Frequency:</b> once. If risk materialises, all funds delegated during the year(s) to the entrusted entity would be irregular. Possible impact 100% of budget involved and significant reputational consequences.</p>	<p><b>Economy:</b> Estimation of cost of controls of the mandate.</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commission has not sufficient information from independent sources on the entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of reporting.</p>	<p>Agreements refer to the need to comply with the rules and procedures which were pillar-assessed including the control, accounting, audit, publication, etc. related requirements in strict observance of the EU Financial Regulation. Where necessary, supervisory measures can complement these agreements.</p> <ul style="list-style-type: none"> <li>-ad hoc clauses in framework agreements</li> <li>- potential escalation of any major governance-related issues with entrusted entities</li> <li>- referral to OLAF.</li> </ul>	<p><b>Coverage:</b> 100%.</p>	

### **Stage 3 – Monitoring the implementation**

All payment requests, recoveries and related reports are verified and approved by DG ENEST staff (ex ante controls). Before any transaction is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) services <sup>(1)</sup>. This is the "four eyes" principle of the Financial Regulation, which DG ENEST, taking into account the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly reviewed and updated to respond to feedback from risk analyses and from field users as well as changes to the regulatory environment.

Additional verification missions to be carried out by external auditors can be contracted by DG ENEST on the basis of a risk analysis.

The agreements with entrusted entities contain the obligation to provide with every report, a Management Declaration following the template annexed to the contract. However, it is possible to agree with the Commission to send annually the Management Declaration covering all the Contribution and Delegation agreements signed with the Commission. In this case, the organisation sends within the year N (this could be either the calendar year or the financial year of the organisation) the Annual Management Declaration for year N-1 covering all contracts implemented in year N-1 (calendar year or financial year of the Organisation, as indicated in the Annual Management Declaration). This Management Declaration is valid until the end of year N+1 (calendar year or financial year of the Organisation), i.e., it serves as Management Declaration for payment

requests/reports submitted until this point in time. In case the Management Declaration is missing or does not cover the relevant/correct period, the reports will be considered as incomplete, and the respective payment can be suspended. The organisation shall indicate in every report submitted (either progress or final) whether the Management Declaration is attached to the report or sent annually to the Commission.

**A - Operations: monitoring, supervision, reporting (“representation” / “control with or around the entity”).**

**Main control objectives:** Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
<p>Due to weak "modalities of cooperation, supervision and reporting", the Commission is not (timely) informed of relevant management issues encountered by the entrusted entity, and/or does not (timely) react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the Commission’s governance reputation and quality of accountability reporting.</p> <p>The reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the Sound Financial Management objective (e.g., admin fees unjustifiably high)</p>	<p>Agreement specifying the control, accounting, audit, publication, etc. related requirements – <i>incl. the <u>modalities on reporting back relevant and reliable control results.</u></i></p> <p>Monitoring or supervision of the entrusted entity (e.g., ‘regular’ monitoring meetings at operational level; <u>review of reported control results and any underlying management/audit reports</u>; representation and intervention at the board, scrutiny of annual report, etc.).</p> <p>Management review of the supervision results.</p> <p><u>Annual audit plans.</u></p> <p><u>If appropriate/needed:</u></p> <ul style="list-style-type: none"> <li>- reinforced monitoring of operational and/or financial aspects of the entity</li> <li>- intervention, e.g., via own audits on-the-spot, by IAS</li> </ul>	<p><b>Coverage:</b> 100% of the entities are monitored / supervised.</p> <p><b>Frequency:</b> meetings take place regularly depending on the delegated activities and entrusted-entities, reports submitted at least annually (depending on contractual provisions).</p> <p><u>In case of</u> operational and/or financial issues, measures are being reinforced.</p> <p>The <b>depth</b> depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to</p>	<p><b>Effectiveness:</b> KPIs related to the implementation of projects</p> <p><b>Efficiency:</b> KPIs related to the implementation of the annual audit plans</p> <p><b>Economy:</b> Estimation of cost of controls related to monitoring of implementation of operations.</p>

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
	<ul style="list-style-type: none"> <li>- potential escalation of any major governance-related issues with entrusted entities</li> <li>- referral to OLAF.</li> </ul>	the entity's internal control information.	

B – Commission contribution: payment or suspension/interruption.

**Main control objectives:** Ensuring that the Commission fully assesses the management situation and the financial risks at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity or deciding to suspend/interrupt the (next) contribution (legality and regularity, sound financial management, anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commission pays out the (next) contribution to the entrusted entity, while not being aware of the management issues that may lead to financial and/or reputational damage.</p>	<p>Agreement specifying the control, accounting, audit, publication, etc. Related requirements – incl. reporting back.</p> <p>Management review of the supervision results.</p> <p>Ex ante OV and FV, 'in-depth' if need be.</p> <p>Hierarchical validation of contribution payment and recovery of non-used operating budget subsidy.</p> <p>–</p> <p>If appropriate/needed: suspension or interruption of payments.</p>	<p><b>Coverage:</b> 100% of the contribution payments.</p> <p><b>Frequency:</b> usually annually but can be more frequent depending on the contractual provisions.</p> <p>The <b>depth</b> depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity's internal control information.</p>	<p><b>Efficiency:</b> KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls.</p> <p><b>Economy:</b> Estimation of cost of controls related to audits and verifications or to the credit risk team.</p>
	<p>Annual Control Plans: Verification of expenditure are planned annually for ongoing and closed operations of DG ENEST overall portfolio. The operations to be verified are determined through risk analyses. These controls can take place before or after disbursements recognizing expenditure.</p>	<p>Coverage: &gt; 10% of ongoing or "recently" closed operations.</p>	

<p>Failure to recover in time amounts due to the Union and assigned to the provisioning (e.g. recovered amounts by implementing partners on defaulted operations).</p>	<p>Agreement specifying the claims and payments terms, the fees terms (rate, date due, deadlines) and the recovery conditions. Ex ante OV and FV, 'in-depth' if need be.</p>	<p><b>Coverage:</b> 100% of financial transactions. <b>Frequency:</b> permanent. <b>Depth:</b> defined in applicable checklists.</p>	<p><b>Efficiency:</b> KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls. <b>Economy:</b> Estimation of cost of controls related to audits and verifications or to the credit risk team.</p>
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#### Stage 4 - Ex post controls and Follow-up

Payments for operations in Indirect Management with entrusted entities are included in the population of the RER study undertaken each year for DG ENEST on representative sampling of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG ENEST, which takes necessary actions for the recovery of non-eligible expenditures where appropriate.

#### A - Reviews, audits, verifications and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls by ex post controls; detect and correct any error or fraud remaining undetected after the implementation ex ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
<p>The ex ante controls (as such) fail to prevent, detect and correct erroneous</p>	<p>Through a residual error rate (RER) study a representative sample of closed operations is reviewed in order to determine the effectiveness of ex ante controls.</p>	<p>MUS sample sufficiently representative to draw valid management conclusions.</p>	<p><b>Effectiveness:</b> Residual error rate below tolerable threshold.</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>payments or attempted fraud.</p> <p>The ex post controls focus on the detection of residual errors.</p>	<p>Findings are validated with fund recipients, used for possible ex post corrections (i.e., recoveries), taken into consideration for improvements of ex ante controls, and referred to OLAF where needed.</p>		<p><b>Efficiency:</b> time to deliver RER results, on time for the assurance of the AAR.</p> <p><b>Economy:</b> Estimation of cost of RER controls of grant operations.</p>
	<p>Supervision missions to Delegations by independent staff not involved in the operational and financial circuits.</p>	<p>Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.</p>	<p><b>Effectiveness:</b> number of supervision mission, number of SMART recommendations accepted and described in an action plan.</p> <p><b>Efficiency:</b> Time to prepare supervision missions.</p> <p><b>Economy:</b> Estimated cost of supervision missions</p>

## B - Implementing results from ex post controls

**Main control objectives:** Ensuring that the results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries made (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of control results to be implemented.  Financial operational validation of recovery in accordance with financial circuits.  Authorisation by AO.	Coverage: 100% of final audit results with a financial impact.  Depth: findings of systemic errors are considered for corrections of other projects by the same organisation, taken into account for future projects.	<b>Effectiveness:</b> All RER detected are recorded in the audit module, followed up and closed.  <b>Efficiency:</b> time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions.  <b>Economy:</b> Estimation of cost of follow up of financial recommendations.

### 6.2.2.1. Indirect Management for Financial Instruments and Blending Operations

Under indirect management with entrusted entities, the implementation of the budget is entrusted by the Commission to this type of entity in the form of programmes or actions. Candidate entities to be entrusted with budget-implementation tasks (the candidate delegatee) must demonstrate a level of financial management and protection of the EU financial interests equivalent to that required when the Commission manages European Union funds. This is verified by carrying out an ex ante assessment ("pillar assessment") for which the entities concerned must have been assessed positively.

Entrustment to EIB (European Investment Bank), EIF (European Investment Fund), other International Financial Institutions (IFIs) and Development Financial Institutions (DFIs) is also covered by this RCS. This entrustment may cover the implementation of grants, the most common type of financial support, but also the implementation of financial instruments:

A Financial Instrument (FI) is a measure of financial support provided from the budget to address one or more specific policy objectives of the Union which may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments. A FI may, where appropriate, be combined with other forms of financial support from public donors or private sector. These measures of support all have as a common feature that they

are reimbursable. Therefore, the FIs must be registered and valued in the general accounting. They must be registered as assets or liabilities in the balance sheet of the entity responsible, i.e., the General Budget of the European Union (GBEU) or any trust fund (TF).

DG ENEST manages blending operations, including financial instruments, under the Neighbourhood Investment Platform (NIP), the Ukraine Investment Framework (UIF), the Türkiye Investment Platform (TIP) and the Western Balkans Investment Facility (WBIF).

In general, the logic, risks and controls associated with FIs are not significantly different from those applied to other entrustments provided to IFIs under grants; however, FIs require additional attention to financial performance monitoring and achievement of leverage effect. Several projects include FIs but also other activities (such as technical assistance and investment grants).

### ***Stage 1 – Prior to Contracting***

Eligible counterparts to be entrusted with implementation tasks must demonstrate a level of financial management and protection of the EU financial interest equivalent to that of the Commission when it implements the Budget in direct management. This is verified by carrying out an ex ante assessment: the pillar assessment of the entity. Pillars are the broad areas covered by this assessment. Following changes brought by the 2018 Financial Regulation and the subsequent adoption of a revised pillar assessment methodology on 17 April 2019, these are:

- Basic pillars (compulsory): (1) internal control, (2) accounting, (3) independent external audit;
- Operational pillars (optional): (4) grants (including certain aspects from the discontinued sub-delegation pillar), (5) procurement, (6) financial instruments;
- New pillars (compulsory): (7) exclusion from access to funding, (8) publication of information on recipients, (9) protection of personal data.

As regards blending operations (which include Financial Instruments), one or more Commission Decisions, based on priorities stemming from the regional indicative programmes and from policy dialogue with relevant partner countries, allocate financing to the blending facility or platform from the various regional and bilateral envelopes. After the adoption of such decision, the specific blending framework governance is used to select projects. Following the positive opinion of the relevant blending framework Board, the related contribution agreements for blending grants or FIs can be signed.

A – Ex ante (re)assessment of the entrusted entity’s financial and control framework (towards “budget autonomy”; “financial rules”)

**Main control objectives:** Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously, effectively and efficiently with respect of all 5 Internal Control Objectives.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).</p>	<p>Ex ante pillar assessment, conditional to granting budget autonomy.</p> <p>Hierarchical validation within the authorising department.</p> <p>Requiring justification and prior consent for any deviating financial rules.</p> <p>Postponing the budget autonomy.</p> <p>Obligation to notify any subsequent changes embedded in Board proceedings.</p> <p>Appropriate supervisory measures are foreseen to address potential weaknesses detected by the pillar assessment.</p> <p>Pillar assessment to be updated each time that there is a material change in the management and control systems of the eligible counterpart.</p> <p>Specific pillar assessment for (4) grants (5) procurement and (6) financial instruments</p>	<p><b>Coverage/frequency:</b> 100% of entrusted entities/once by one DG appointed as lead, but valid for all Commission DGs.</p> <p><b>Depth</b> may be determined after considering the <u>type or nature</u> of the entrusted entity and/or the <u>value</u> of the budget concerned.</p>	<p><b>Effectiveness:</b> All pillar assessments finalized when opportunity and legal checks are validated.</p> <p><b>Efficiency:</b> Time to assess the pillars of an entity.</p> <p><b>Economy:</b> Estimation of cost of controls implemented by DG ENEST staff.</p>

	Appropriate supervisory measures are foreseen in the CAFI to address potential weaknesses detected by the pillar assessment (art. 157(4) FR).		
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## B - Identification and formulation

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The instrument and/or implementation modality does not adequately address the policy objectives set out in the applicable regulations and/or is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.</p>	<p>Quality Review</p> <p>NDICI Committee validates multiannual indicative plans (MIPs) and the choice of implementation modalities, under Commission's proposal.</p> <p>Hierarchical validation (incl. at DG level) of annual work plan and delegation</p> <p>Inter-service consultation (including all relevant DGs, horizontal and operational).</p> <p>Adoption by Commission Decision.</p> <p><i>In addition, in case of blending operations:</i></p>	<p><b>Coverage/frequency:</b> 100%.</p> <p><b>Depth:</b> full consideration of programming documents. Detailed assessment criteria grid and credit risk model agreed with DG Budget</p>	<p><b>Effectiveness:</b> Coverage of thematic and geographic priorities established in the investment programmes.</p> <p><b>Efficiency:</b> Time to assess and select proposals.</p> <p><b>Economy:</b> Estimation of cost of controls in the identification and formulation phases.</p>

	<p>The areas of intervention for blending under EFSD/EFSD+ (Strategic Orientations, investment windows) are submitted to Commission decision, after inter-service consultation and opinion from Strategic Board and Operational Board(s).</p> <p>Template agreements for Contribution Agreements.</p> <p>Opinion of Operational Board(s).</p> <p>One or more technical assessment meetings (TAMs) held with eligible counterparts having submitted proposals. Preparatory technical assessment meetings (TAMs) are also held internally, with the relevant services, for the assessment of projects.</p> <p><i><u>In addition, in case of Financial Instruments:</u></i></p> <p>Agreements (CAFI), including notably the ex ante evaluation (required by FR art. 209).</p> <p>Ex ante evaluation (Article 209 of FR) for the corresponding financial instrument, individually or as part of a programme/platform, containing explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the associated financial risks and savings for the budget.</p>		
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***Stage 2 – Contracting (i.e., Establishment (or prolongation) of the mandate to the entrusted entity (“delegation act”/ “contribution agreement” / etc...)***

DG ENEST establishes and signs agreements with the organisations assessed and identified under the previous stage. A standard agreement model is used for most of the EU-financed operations under indirect management with entrusted entities, except for EIF agreements and agreements extending BGs, which are for the moment drafted on a case-by-case basis. Where relevant, specificities of eligible entities are addressed in framework agreements and, in some specific cases, using separate templates (e.g., World Bank Group, EIB, EIF).

**Main control objectives:** Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality and regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy, alignment of interest).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The establishment (or prolongation) of the mandate of the entrusted entity is affected by legal issues, which would undermine the legal basis for the management of the related EU funds (via that particular entity).	The establishment of the agreements concerned (PAGoDAs, Delegation Agreements, Contribution Agreements, etc.) is submitted to hierarchical validation within the authorising department and to inter-service consultation, including all relevant DGs.	<p><b>Coverage:</b> 100%.</p> <p><b>Frequency:</b> once. If risk materialises, all funds delegated during the year(s) to the entrusted entity will be irregular. Possible impact 100% of budget involved and significant reputational consequences.</p>	<p><b>Economy:</b> Estimation of cost of controls.</p>
The Commission has not sufficient information from independent sources on the entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of reporting.	<p>Agreements specify the control, accounting, audit, publication, etc. related requirements in compliance with the EU Financial Regulation</p> <ul style="list-style-type: none"> <li>-ad hoc clauses in framework agreements</li> <li>- potential escalation of any major governance-related issues with entrusted entities</li> <li>- referral to OLAF (limited to cases of suspicion of fraud).</li> </ul>	<p><b>Coverage:</b> 100%.</p>	

<p><u>In addition, for Financial Instruments:</u></p> <p>The CAFIs (Contribution Agreement for Financial Instruments) are inadequate in coverage of operational and management provisions.</p> <p>The design of the accounting and reporting arrangements would not provide sufficient transparency (<i>True &amp; Fair View</i>)</p> <p>Insufficient alignment of interests among the EU, the implementing partner, the financial intermediaries (if any) and the final beneficiaries.</p> <p>The remuneration of the implementing partner or the guarantee fee and the risk-sharing conditions are too generous to the implementing partner.</p>	<p>The template for the CAFI is submitted to inter-service consultation, hierarchical validation and signature by the AO.</p> <p>The implementing partner accepts “skin in the game” (i.e. the financial alignment of interest between the EU and the partner by co-sharing the risk).</p> <p>Non-Compliant Jurisdictions/Anti Money Laundering clauses are always included in contribution and guarantee agreements, subject to inter-services consultation.</p> <p>Rules for accounting, reporting and other steps of the implementation are specified in contractual provisions.</p> <p>Performance fees payable upon the achievement of the Performance Indicators.</p> <p>Assessment of the reasonableness of the fees paid to LFIs as per the fees instruction note.</p>	<p><b>Coverage:</b> 100% of CAFIs or guarantee agreements.</p> <p><b>Frequency/depth:</b> at the signature of each CAFI.</p>	<p><b>Effectiveness:</b> Terms and conditions in line with the guidelines established for FIs by BUDG, INTPA, ENEST and ECFIN.</p> <p><b>Efficiency:</b> Time to negotiate and sign the CAFIs.</p> <p><b>Economy:</b> Estimation of costs of control.</p>
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### **Stage 3 – Monitoring the implementation**

All payment requests, recoveries and related reports are verified and approved by DG ENEST staff (ex ante controls). Before any transaction is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) services <sup>(1)</sup>. This is the "four eyes" principle of the Financial Regulation, which DG ENEST, considering the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly reviewed and updated to respond to feedback from risk analyses and from field users as well as changes to the regulatory environment.

Additional verification missions to be carried out by external auditors can be contracted by DG ENEST based on a risk analysis.

The agreements with entrusted entities contain the obligation to provide with every report, a Management Declaration following the template annexed to the contract. However, it is possible to agree with the Commission to send annually the Management Declaration covering all the Contribution and Delegation agreements signed with the Commission. In this case, the organisation sends within the year N (this could be either the calendar year or the financial year of the organisation) the Annual Management Declaration for year N-1 covering all contracts implemented in year N-1 (calendar year or financial year of the Organisation, as indicated in the Annual Management Declaration). This Management Declaration is valid until the end of year N+1 (calendar year or financial year of the Organisation), i.e., it serves as Management Declaration for payment requests/reports submitted until this point in time. In case the Management Declaration is missing or does not cover the relevant/correct period, the reports will be considered as incomplete, and the respective payment can be suspended. The organisation must indicate in every report submitted (either progress or final) whether the Management Declaration is attached to the report or sent annually to the Commission.

A - Operations: monitoring, supervision, reporting (“representation” / “control with or around the entity”).

**Main control objectives:** Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, to possibly mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
Due to weak "modalities of cooperation, supervision and reporting", the Commission is not (timely) informed of relevant management issues encountered by the entrusted entity, and/or does not (timely) react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the	Agreement specifying the control, accounting, audit, publication, etc. related requirements – <i>incl. the modalities on reporting back relevant and reliable control results.</i>  Monitoring or supervision of the entrusted entity (e.g., ‘regular’ monitoring meetings at operational level; review of reported control results and any underlying	<b>Coverage:</b> 100% of the entities are monitored / supervised.  <b>Frequency:</b> meetings take place regularly depending on the delegated activities and	<b>Effectiveness:</b> KPIs related to the implementation of projects

<p>Commission's governance reputation and quality of accountability reporting.</p> <p>The reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the sound financial management objective (e.g., admin. fees unjustifiably high)</p>	<p>management/audit reports; representation and intervention at the board, scrutiny of annual report, etc.).</p> <p>Management review of the supervision results.</p> <p>Reporting on financial risk &amp; off-balance sheets liabilities.</p> <p>Reporting on treasury management (Action account reporting).</p> <p>Reporting of Annex VI on Revenues and Repayments.</p> <p>Exceptionally, and depending on the circumstances, the Finance and contract unit may request, at the contracting stage, specific ad hoc reports on credit risk and liquidity risk.</p> <p>Annual audit and verification plans: Audits and verifications are planned annually for ongoing operations of DG ENEST's overall portfolio. The operations to be verified or audited are determined through risk analyses. These controls can take place after (ex post) disbursement of EU amounts claimed.</p> <p><u>If appropriate/needed:</u></p> <ul style="list-style-type: none"> <li>- reinforced monitoring of operational and/or financial aspects of the entity</li> <li>- intervention, e.g., via own audits on-the-spot</li> <li>- potential escalation of any major governance-related issues with entrusted entities</li> <li>- referral to OLAF.</li> </ul>	<p>delegated entities, reports submitted at least annually (depending on contractual provisions).</p> <p>In case of operational and/or financial issues, measures are being reinforced.</p> <p>The <b>depth</b> depends on the mandate of the (type of) entity, inter alia whether the Commission has full access to the entity's internal control information.</p>	<p><b>Efficiency:</b> KPIs related to the implementation of the annual audit plans</p> <p><b>Economy:</b> Estimation of cost of controls related to monitoring of implementation of operations.</p>
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**B – Commission contribution: payment or suspension/interruption.**

**Main control objectives:** Ensuring that the Commission fully assesses the management situation and the financial risks at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity or deciding to suspend/interrupt the (next) contribution (legality and regularity, sound financial management, anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commission pays out the (next) contribution to the entrusted entity, while not being aware of the management issues that may lead to financial and/or reputational damage.</p>	<p>Agreement specifying the control, accounting, audit, publication, etc. Related requirements – incl. reporting back.</p> <p>Management review of the supervision results.</p> <p>Ex ante OV and FV, ‘in-depth’ if need be.</p> <p>Hierarchical validation of contribution payment and recovery of non-used operating budget subsidy</p> <p>If appropriate/needed: suspension or interruption of payments.</p>	<p><b>Coverage:</b> 100% of the contribution payments.</p> <p><b>Frequency:</b> usually annually but can be more frequent depending on the contractual provisions.</p> <p>The <b>depth</b> depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity’s internal control information.</p>	<p><b>Efficiency:</b> KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls.</p> <p><b>Economy:</b> Estimation of cost of controls related to audits and verifications or to the credit risk team.</p>
	<p>Annual Control Plans: Verification of expenditure are planned annually for ongoing and closed operations of DG ENEST overall portfolio. The operations to be verified are determined through risk analyses. These controls can take place before or after disbursements recognising expenditure.</p>	<p>Coverage: &gt; 10% of ongoing or “recently” closed operations.</p>	
		<p><b>Coverage:</b> 100% of financial transactions.</p>	<p><b>Efficiency:</b> KPIs on implementation of audit plans, payments within contractual</p>

		<p><b>Frequency:</b> permanent.</p> <p><b>Depth:</b> defined in applicable checklists.</p>	<p>deadlines and on ineligible expenditure detected through ex post controls.</p> <p><b>Economy:</b> Estimation of cost of controls related to audits and verifications or to the credit risk team.</p>
		<p><b>Coverage:</b> 100% of guarantee agreements.</p> <p><b>Frequency:</b> quarterly and annually, can be more frequent if worrying patterns are detected.</p> <p><b>Depth:</b> full set of risk data and parameters requested from implementing partners.</p> <p>All CAFIs</p>	<p><b>Effectiveness:</b> No additional EU contribution to the provisioning requested within a horizon of less than 3 years.</p> <p><b>Efficiency:</b> Risk reporting dates met. Timely detection of abnormal risk patterns.</p> <p><b>Economy:</b> Estimation of cost of controls</p>
<p>In addition, for Financial Instruments:</p> <p>Excessive balances are held on fiduciary accounts and may generate negative interests to be paid by the Commission.</p>	<p>Strategies must be put in place by partners entrusted with the implementation of FIs to minimise the balances and their consequences (negative interest or inflation).</p> <p>Furthermore, instructions were addressed to AOs reminding them of the necessity to make sure that the payment of the EU contribution to the account is based on the disbursement forecast corresponding to the real operational needs, with an objective to minimise the balance and any related cost. Compliance with DG BUDG's instructions on new environment of positive interests to ensure that fiduciary accounts are positively remunerated - 3-month EURIBOR - 12,5 bps (basis points: one basis point equals 0.01% or 0.0001 in decimal form).</p>	<p>All payment requests for FIs.</p>	

## Stage 4 - Ex post controls and Follow-up

Payments for operations are included in the population of the RER study undertaken each year for DG ENEST on a representative sampling of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG ENEST, which takes necessary actions for the recovery of non-eligible expenditure where appropriate.

### A - Reviews, audits, verifications and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls by ex post controls; detect and correct any error or fraud remaining undetected after the implementation ex ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The ex ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.</p> <p>The ex post controls focus on the detection of residual errors.</p>	<p>Through a residual error rate (RER) study a representative sample of closed contracts is reviewed in order to determine the effectiveness of prior controls.</p> <p>Findings are validated with fund recipients, used for possible ex post corrections (i.e., recoveries), taken into consideration for improvements of ex ante controls, and referred to OLAF where needed.</p>	<p>MUS sample sufficiently representative to draw valid management conclusions.</p>	<p><b>Effectiveness:</b> Residual error rate below materiality threshold.</p> <p><b>Efficiency:</b> time to deliver RER results, on time for the assurance in the AAR.</p> <p><b>Economy:</b> Estimation of cost of controls</p>

	<p>Annual Audit Plans: [Applicable after 2 years of effective implementation] Audits and expenditure verifications are planned annually for ongoing operations of DG ENEST's overall portfolio. The operations to be verified or audited are determined through risk analyses or random basis. These controls can take place before (ex ante) or after (ex post) disbursements.</p>		
	<p>Supervision missions to Delegations by independent staff not involved in the operational and financial circuits.</p>	<p>Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.</p>	<p><b>Effectiveness:</b> number of supervision mission, number of SMART recommendations accepted and described in an action plan.</p> <p><b>Efficiency:</b> Time to prepare supervision missions.</p> <p><b>Economy:</b> Estimated cost of supervision missions</p>

*B - Implementing results from ex post controls*

**Main control objectives:** Ensuring that the results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries made (reliability of reporting).

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>Coverage, frequency and depth of controls</b>	<b>Possible Cost effectiveness indicators (3Es)</b>
<p>The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.</p>	<p>Systematic registration of control results to be implemented.</p>	<p><b>Coverage:</b> 100% of final audit results with a financial impact.</p>	<p><b>Effectiveness:</b> All RER detected are recorded in the audit module, followed up and closed.</p>

	<p>Financial operational validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AO.</p>	<p><b>Depth:</b> findings of systemic errors are considered for corrections of other projects by the same organisation, taken into account for future projects.</p>	<p><b>Efficiency:</b> time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions.</p> <p><b>Economy:</b> Estimation of cost of follow up of financial recommendations.</p>
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### 6.2.2.2. Budgetary Guarantees

Budgetary guarantees (BGs) are financial instruments where, contrary to standard legal commitments, the full amount of the agreement is not covered by a budgetary commitment. Budgetary guarantees therefore generate a contingent liability for the Union budget (i.e. the obligation to release a payment to a third party is contingent on the materialisation of a certain event). This requires, the constitution of a provision (off budget) as a reserve to honour calls/claims under the guarantee when they arrive and within the applicable deadline.

In principle, BGs are implemented under indirect management with entrusted entities. Eligible counterparts to be entrusted with budget-implementation tasks (the potential delegatee) must demonstrate a level of financial management and protection of the EU financial interests equivalent to that required when the Commission manages European Union funds. This is verified by carrying out an ex ante assessment ("pillar assessment"). The entrusted entities for the implementation of BGs could be, among others, the following: a multilateral European IFI (e.g. EIB, EBRD); a European national DFI from a Member State (e.g. AFD, KfW, AECID); a regional or other multilateral bank such as the World Bank Group or African Development Bank.

DG ENEST manages the BG agreements under the European Fund for Sustainable Development+ (EFSD+), in the form (i) of new guarantee agreements (EFSD+), (ii) of guarantee agreements which have been approved under EFSD (whose commitment period ended on 31 December 2020), but signed under EFSD+ ("EFSD+ carry-over") and (iii) of on-going guarantee agreements concluded by INTPA under EFSD and of which the responsibility has been taken over from INTPA. Moreover, DG ENEST manages the legacy of the EIB's External Lending Mandates (ELM – budgetary guarantees) <sup>(1)</sup> as well as the budgetary guarantee agreements under the Ukraine Investment Framework (UIF) established in 2024.

Contingent financial liabilities arising from the BGs under EFSD (2017-2020), EFSD+ (2021-2027), the Ukraine Investment Framework (UIF) as well as those under the legacy of EIB's ELM (External Lending Mandate) are covered by a provisioning set aside in the Common Provisioning Fund (CPF),

managed by DG BUDGET. Provisioning rates vary by instrument and are set out in the EFSD, NDICI-Global Europe, and Ukraine Facility regulations respectively: 9% for EFSD/EFSD+ sovereign and sub-sovereign guarantees (managed exclusively by the EIB under Windows 1 and 2), 50% for EFSD/EFSD+ private sector guarantees (Open Architecture), 70% for the Ukraine Investment Framework (UIF), and a target rate of 9% for ELM.

The total amount of budgetary guarantee agreements signed in the current MFF until 2025 will be around 32 billion EUR, DG ENEST is AOSD for ENEST and MENA regions under EFSD+:

- EFSD+ Investment Window 1 and 2: 26.5 billion EUR (ENEST/MENA: 18 billion EUR)
- EFSD+ Open Access: 8,7 billion EUR (ENEST/MENA: 2,67 billion EUR)
- Ukraine Investment Framework: 3,5 – 4,0 billion EUR

In general, the logic and the partners associated with BGs are not significantly different from those applied for Financial Instruments (FIs). However, BGs have a different budgetary process, financial circuits and legal arrangements than FIs implying different risks and controls. Furthermore, the amounts of the contingent liabilities are of a very different scale than any other instrument (guarantees tend to be for much higher amounts), therefore, DG ENEST has decided to create a RCS exclusively covering BGs.

### ***Stage 1 – Prior to Contracting***

Eligible counterparts to be entrusted with implementation of BGs must demonstrate a level of financial management and protection of the EU financial interest equivalent to that of the Commission when it implements the EU budget in direct management. This is verified by carrying out an ex ante assessment of the internal control system of an entity, through “pillar assessment”. Following changes brought by the 2018 Financial Regulation and the subsequent adoption of a revised pillar assessment methodology on 17 April 2019, these are:

- Basic pillars (compulsory): (1) internal control, (2) accounting, (3) independent external audit;
- Operational pillars (optional): (4) grants (including certain aspects from the discontinued sub-delegation pillar), (5) procurement, (6) financial instruments and budgetary guarantees;
- New pillars (compulsory): (7) exclusion from access to funding, (8) publication of information on recipients, (9) protection of personal data.

The section on BGs under pillar (6) and pillar (7) has been introduced in the revised pillar assessment methodology in 2019. IFIs and DFIs already pillar assessed for EFSD had to carry out an update of their pillar assessment for EFSD+.

For the current MFF (2021-2027), a global call for the proposal for investment programmes (PIPs) for guarantees has been launched under EFSD+ in June 2022. The relevance as well as the geographical and operational policy considerations have been assessed by a number of operational and thematic colleagues in HQ and EUDs. The proposals for investment programmes, made by eligible counterparts, were also assessed taking into account the expert advice of the technical risk assessment group on the risk and banking-related aspects of the proposals. Following this technical screening by the Commission, the proposals have been discussed with all eligible counterparts during Technical Assessment Meetings (TAMs). They were subsequently submitted to the EFSD+ Operational Boards for opinion (the commitment period of EFSD ended on 31 December 2020, only EFSD+ guarantee agreements are signed during the period 2021-2027). Following the opinion of the Operational Boards, the Commission adopted an Authorisation Decision setting out the main elements of each selected PIP (the amount of the guarantee to be granted, the type of underlying operations by the counterpart, the risk sharing structure between the Union budget and the counterpart, and the arrangements to ensure alignment of interest between the Union and the counterpart). Once the negotiation on guarantee agreements was finalised, individual Interservice consultations were launched, followed by the signature of the guarantee agreement.

The remaining guarantee capacity will be allocated to existing guarantee agreements in the form of top-ups following the same process as outlined above (Board opinion, amendment of Authorisation Decision and individual ISC in case of substantial amendment).

#### A – Ex ante (re)assessment of the entrusted entity’s financial and control framework (towards “budget autonomy”; “financial rules”)

**Main control objectives:** Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously, effectively and efficiently with respect of all 5 Internal Control Objectives (ICOs).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs	Ex ante pillar assessment, conditional to granting budget autonomy.	<b>Coverage/frequency:</b> 100% of entrusted entities/once by one DG appointed as lead, but valid for all Commission DGs.	<b>Effectiveness:</b> All pillar assessments finalised when opportunity and legal checks are validated.

<p>(legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).</p>	<p>Hierarchical validation within the authorising department.</p> <p>Requiring justification and prior consent for any deviating financial rules.</p> <p>Postponing the budget autonomy.</p> <p>Obligation to notify any subsequent changes embedded in Board proceedings.</p> <p>Appropriate supervisory measures are foreseen to address potential weaknesses detected by the pillar assessment.</p> <p>Pillar assessment to be updated each time that there is a material change in the management and control systems of the eligible counterpart.</p> <p>Specific pillar assessment for (6) financial instruments and BGs.</p> <p>Appropriate supervisory measures are foreseen in the guarantee agreement to address potential weaknesses detected by the pillar assessment (art. 157(4) FR).</p>	<p><b>Depth</b> may be determined after considering the <u>type or nature</u> of the entrusted entity and/or the <u>value</u> of the budget concerned.</p>	<p><b>Efficiency:</b> Time to assess the pillars of an entity.</p> <p><b>Economy:</b> Estimation of cost of controls implemented by DG ENEST staff.</p>
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## B - Identification and formulation

**Main control objectives:** Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The instrument and/or implementation modality does not adequately address the policy objectives set out in the applicable regulations and/or is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.</p>	<p>The areas of intervention for BGs under EFSD/EFSD+ (Strategic Orientations, investment windows) are submitted to Commission decision, after inter-services consultation and opinion from Strategic Board and Operational Board(s). The ISC involves relevant Directorates-General, the Commission's Chief Risk Officer (CRO), DG BUDG, and the Legal Service, The CRO plays a key role throughout the lifecycle of each guarantee agreement, by providing independent opinions on the risk that support informed decision-making by DG ENEST.</p> <p>A detailed assessment criteria grid is followed for the assessment of the Proposed Investment Programmes (PIPs).</p> <p>Assessment of financial risks carried out by the INTPA/ENEST joint risk-management unit acting as the EFSD+ Guarantee Technical Assessment Group” (GTAG+). The risk management unit holds overall risk management responsibilities. An independent group of risk experts was established within the risk management unit, the “Guarantee Risk Experts Group” (GrEG) to provide advice on the risk profile of the EFSD+.</p> <p>Ex ante evaluation (Article 209 of FR) for the corresponding budgetary guarantee, individually or as part of a programme/platform containing explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the associated financial risks and savings for the budget.</p>	<p><b>Coverage/frequency:</b> 100%.</p> <p><b>Depth:</b> Detailed assessment criteria grid and credit risk model agreed with DG Budget and DG ECFIN for BG.</p>	<p><b>Effectiveness:</b> Coverage of thematic and geographic priorities established in the investment programmes.</p> <p><b>Efficiency:</b> Time to assess and select proposals.</p> <p><b>Economy:</b> Estimation of cost of controls in the identification and formulation phases.</p>

### **Stage 2 – Contracting (i.e., signature of guarantee agreement)**

DG ENEST establishes and signs agreements with the organisations assessed and identified under the previous stage. In the case of budgetary guarantees, eligible entities are addressed through agreements tailor-made for each situation/product based on the requirements set out in Art. 38 of the NDICI-Global Europe Regulation.

In particular, for the establishment of the financial and risk provisions in the guarantee agreements, as well as the pricing of the budgetary guarantee, DG ENEST takes into account the expert advice of the technical risk assessment group advising on risk and banking-related aspects of the proposals. In 2021, a joint Risk Management Unit for DG INTPA and DG ENEST was set up for this purpose. Its role is to assess and manage risks associated with the guarantee operations. It builds on close co-operation with partner financial institutions, by hosting risk experts and providing a collaborative platform for impartial and inclusive, high quality risk management function. The assessment is based on the Risk management framework, which sets out the guiding principles for the risk management of the External Action Guarantee. Prior to the signature by the Director, the draft guarantee agreements are submitted to Inter-service consultation with all relevant DGs, including the Commission's Chief Risk Officer, DG Budget and the Legal Service.

**Main control objectives:** Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality and regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy, alignment of interest); ensuring that contingent liabilities created at the signature of agreements on BGs do not expose the Commission to an unacceptable credit risk.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The establishment (or prolongation) of the mandate of the entrusted entity is affected by legal issues, which would undermine the legal basis for the management of the related EU funds (via that particular entity).	The establishment of the Guarantee Agreement is submitted to hierarchical validation within the authorising department and to Inter-service consultation, including all relevant DGs.	<p><b>Coverage:</b> 100%.</p> <p><b>Frequency:</b> once. If risk materialises, all funds delegated during the year(s) to the entrusted entity would be irregular. Possible impact 100% of budget involved and significant reputational consequences.</p>	<p><b>Economy:</b> Estimation of cost of controls of the mandate.</p>

<p>The Commission has not sufficient information from independent sources on the entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of reporting.</p>	<p>Agreements specify the control, accounting, audit, publication, etc. related requirements in strict observance of the EU Financial Regulation</p> <p>-every organisation signs a management declaration</p> <p>ad hoc clauses in framework agreements</p> <p>- potential escalation of any major governance-related issues with entrusted entities</p> <p>- referral to OLAF.</p>	<p><b>Coverage:</b> 100%.</p>	
<p>The Commission receives insufficient or incorrect information related to the credit risk of the operations of the entity to be guaranteed.</p>	<p>An independent group of risk experts ("Guarantee Risk Experts Group", GREG), established within the INTPA/ENEST joint risk-management unit, assesses the credit risk before and during the lifetime of the guarantee agreement and the credit risk for the Commission related to each operation or portfolio of operations, so that the risk is kept at an acceptable level.</p>	<p><b>Coverage:</b> 100%.</p> <p><b>Frequency:</b> several simulations before the signature of each agreement.</p>	<p><b>Economy:</b> Estimation of cost of the credit risk team, including its IT systems and data.</p>
<p>The design of the accounting and reporting arrangements would not provide sufficient transparency (<i>True &amp; Fair View</i>)</p> <p>Insufficient alignment of interests among the EU, the implementing partner, the financial intermediaries (if any) and the final beneficiaries.</p> <p>The guarantee fee and the risk-sharing conditions are too generous to the implementing partner.</p>	<p>The template for the draft guarantee agreements are submitted to inter-services consultation, hierarchical validation and signature by the AO.</p> <p>Upon recommendation of the EFSD+ Operational Board and before signing any guarantee agreement the College of Commissioners shall approve the recommended PIPs via an authorisation decision. The authorisation decision includes at least the following information: the amount of the guarantee to be granted, the type of underlying operations by the counterpart, the risk sharing structure between the Union budget and the counterpart, and the arrangements to ensure alignment of interest between the Union and the counterpart.</p> <p>Rules for accounting, reporting and other steps of the implementation are specified in contractual provisions.</p>	<p><b>Coverage:</b> 100% of guarantee agreements.</p> <p><b>Frequency/depth:</b> at the signature of each guarantee agreement and related amendments.</p>	<p><b>Effectiveness:</b> Terms and conditions in line with the guidelines established for guarantee agreements by BUDG, INTPA, ENEST and ECFIN.</p> <p><b>Efficiency:</b> Time to negotiate and sign guarantee agreements.</p> <p><b>Economy:</b> Estimated costs of control.</p>

	<p>The implementing partner accepts “skin in the game” (i.e., the financial alignment of interest between the EU and the partner by co-sharing the risk).</p> <p>NCJ/AML clauses are always included in guarantee agreements, subject to inter-services consultation.</p> <p>Guarantee fee discounts (“policy discounts”) are provided for the achievement of thematic or geographic priorities, which are the main objective of the support.</p> <p>Risk assessment carried out by independent risk experts.</p> <p>Pricing of the guarantee and financial conditions based on the risk assessment.</p>		
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**Stage 3 – Monitoring the implementation**

All payment requests, recoveries and related reports are verified and approved by DG ENEST staff (ex ante controls). Before any transaction is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) services <sup>(2)</sup>. This is the “four eyes” principle of the Financial Regulation, which DG ENEST, considering the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly reviewed and updated to respond to feedback from risk analyses and from field users as well as changes to the regulatory environment.

Additional verification missions to be carried out by external auditors can be contracted by DG ENEST based on a risk analysis. The underlying financial risks of each guarantee agreement and their evolution through time are regularly assessed by the joint Risk Management Unit for DG INTPA and DG ENEST, supported by the technical risk assessment group, based on quarterly reports that are submitted by implementing partners for each guarantee agreement.

The agreements with entrusted entities contain the obligation to provide with every report, a Management Declaration based on the template annexed to the respective guarantee agreement. This Management Declaration is valid until the end of year N+1 (calendar year or financial year of the Organisation), i.e., it serves as Management Declaration for payment requests/reports submitted until this point in time. In case the Management Declaration is missing or does not cover the relevant/correct period, the reports will be considered as incomplete and the respective payment can be suspended. The organisation shall indicate in every report submitted (either progress or final) whether the Management Declaration is attached to the report or sent annually to Headquarters.

A - Operations: monitoring, supervision, reporting (“representation” / “control with or around the entity”).

**Main control objectives:** Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>Due to weak "modalities of cooperation, supervision and reporting", the Commission is not (timely) informed of relevant management issues encountered by the entrusted entity, and/or does not (timely) react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the Commission’s governance reputation and quality of accountability reporting.</p>	<p>Agreement specifying the control, accounting, audit, publication, etc. related requirements – <i>incl. the modalities on reporting back relevant and reliable control results.</i></p> <p>The “ Policy First” principle is ensured throughout the implementation of EFSD+ through semi-annual pipeline review meetings, mid-term review, and continuous upstream consultation between key stakeholders. Moreover, supervision of the implementing partner is ensured (review of reported control results and any underlying management/audit reports; scrutiny of annual report, etc.)</p>	<p><b>Coverage:</b> 100% of the entities are monitored / supervised.</p> <p><b>Frequency:</b> meetings take place regularly, pipeline review meetings take place at least twice a year, quarterly/semester and annual reports submitted. <u>In case of</u> operational and/or financial issues, measures are being reinforced.</p>	<p><b>Effectiveness:</b> KPIs related to the implementation of projects</p> <p><b>Efficiency:</b> KPIs related to the implementation of the annual audit plans</p> <p><b>Economy:</b> Estimation of cost of controls related to monitoring of implementation of operations.</p>

<p>The reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the sound financial management objective (e.g., admin. fees unjustifiably high</p>	<p>Management review of the supervision results.</p> <p>Reporting on financial risk &amp; off-balance sheets liabilities</p> <p>Reporting on treasury management (Action account reporting)</p> <p>Reporting of Annex VI on Revenues and Repayments.</p> <p>Exceptionally, and depending on the circumstances, F&amp;C may request, at the contracting stage, specific ad hoc reports on credit risk and liquidity risk.</p> <p>Management review of the supervision results.</p> <p>Annual audit and verification plans: Audits and verifications are planned annually for ongoing operations of DG ENEST's overall portfolio. The operations to be verified or audited are determined through risk analyses. These controls can take place after (ex post) disbursement of EU amounts claimed.</p> <p><u>If appropriate/needed:</u></p> <ul style="list-style-type: none"> <li>- reinforced monitoring of operational and/or financial aspects of the entity</li> <li>- intervention, e.g., via own audits on-the-spot, by IAS</li> <li>- potential escalation of any major governance-related issues with entrusted entities</li> <li>- referral to OLAF.</li> </ul>	<p>The <b>depth</b> depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity's internal control information.</p>	
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**B – Commission contribution: payment or suspension/interruption.**

**Main control objectives:** Ensuring that the Commission fully assesses the management situation and the financial risks at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity or deciding to suspend/interrupt the (next) contribution (legality and regularity, sound financial management, anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commission pays out default calls on guarantees, while not being aware of the management issues that may lead to financial and/or reputational damage.</p>	<p>Agreement specifying the control, accounting, audit, publication, etc. Related requirements – incl. reporting back.</p> <p>Management review of the supervision results.</p> <p>Ex ante OV and FV, ‘in-depth’ if needed..</p> <p>Hierarchical validation of contribution payment and recovery of non-used operating budget subsidy.</p> <p>Provisions in the guarantee agreements that specify the rights of “clawback” (payment reimbursement) of the Commission when cases of wrong calls or fraud are detected.</p> <p>The credit risk team is independently assessing, during the lifetime of the guarantee agreement, the credit risk for the Commission related to each operation or portfolio of operations, so that the risk is prevented from going beyond the acceptable threshold.</p> <p>If appropriate/needed: suspension or interruption of payments.</p>	<p><b>Coverage:</b> 100% of the contribution payments.</p> <p><b>Frequency:</b> usually annually but can be more frequent depending on the contractual provisions.</p> <p>Several simulations every six months or every year by the credit risk team during the implementation of BGs.</p> <p>The <b>depth</b> depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity’s internal control information.</p>	<p><b>Efficiency:</b> KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls.</p> <p><b>Economy:</b> Estimation of cost of controls related to audits and verifications or to the credit risk team.</p>

	The audited financial statement shall be submitted by the 15th of May or as specified under the Guarantee Agreement. In addition, depending on the type of entity concerned and on the provisions of the relevant Guarantee Agreements concluded between the Commission and such entity, the latter may be required to submit an audit or control opinion establishing whether the control systems put in place function properly and are cost-effective, whether the underlying transactions are legal and regular, and whether the audit work puts in doubt the assertions made in the management declaration.		
	Annual Control Plans: Verification of expenditure are planned annually for ongoing and closed operations of DG ENEST overall portfolio. The operations to be verified are determined through risk analyses. These controls can take place before or after disbursements recognising expenditure.	Coverage: > 10% of ongoing or "recently" closed operations.	

Potential downgrade of the Union's top credit rating due to a failure to honour a guarantee call within the agreed deadline.	Agreement specifying the claims and payments terms, the fees terms (rate, date due, deadlines) and the recovery conditions.  Ex ante OV and FV, 'in-depth' if need be.	<b>Coverage:</b> 100% of financial transactions.	<b>Efficiency:</b> KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls.
Failure to recover in time amounts due to the Union and assigned to the provisioning (e.g., guarantee fees, recovered amounts by implementing partners on defaulted operations).	Alert system on deadlines for the payment of guarantee calls.  Hierarchical validation of guarantee calls payments and recovery of amounts due.  Clawback clause on amounts paid.	<b>Frequency:</b> permanent.  <b>Depth:</b> defined in applicable checklists.	<b>Economy:</b> Estimation of cost of controls related to audits and verifications or to the credit risk team.
An unforeseen additional EU contribution is needed to replenish the CPF due to a fail	Risk assumptions taken during the assessment of operations and their estimated risk profile are regularly verified and all the deviations recorded and assessed.	<b>Coverage:</b> 100% of guarantee agreements.	<b>Effectiveness:</b> No additional EU contribution to the provisioning

<p>to detect potential losses above the estimate of losses embedded in the provisioning rate, or because of an unforeseen major event, such as a war in borrowing countries.</p>	<p>Quarterly/semi-annual reports foreseen by the guarantee agreements include a full set of financial and risk data.</p> <p>Monitoring at portfolio level and for individual guarantee operations of the build-up of contingent liabilities and their risk over time, based on use of the credit risk model.</p> <p>Verification of the consistency of the actual risk profile of operations with the one initially estimated; identification of corrective actions where possible and if necessary.</p>	<p><b>Frequency:</b> quarterly and annually, can be more frequent if worrying patterns are detected.</p> <p><b>Depth</b> full set of risk data and parameters requested from implementing partners.</p>	<p>requested within a horizon of less than 3 years.</p> <p><b>Efficiency:</b> Risk reporting dates met. Timely detection of abnormal risk patterns.</p> <p><b>Economy:</b> Costs of control: staff costs of control will be estimated using approximations based on analyses of the organigram, job descriptions and programme/project portfolios</p>
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#### Stage 4 - Ex post controls and Follow-up

Payments for operations in Indirect Management with entrusted entities are included in the population of the RER study undertaken each year for DG ENEST on representative sampling of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG ENEST, which takes necessary actions for the recovery of non-eligible expenditures where appropriate.

#### A - Reviews, audits, verifications and monitoring

**Main control objectives:** Measuring the effectiveness of ex ante controls by ex post controls; detect and correct any error or fraud remaining undetected after the implementation ex ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex ante controls, based on the analysis of the findings (sound financial management); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The ex ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.</p> <p>The ex post controls focus on the detection of residual errors.</p>	<p>Through a residual error rate (RER) study a representative sample of closed operations is reviewed in order to determine the effectiveness of ex ante controls.</p> <p>Findings are validated with fund recipients, used for possible ex post corrections (i.e., recoveries), taken into consideration for improvements of ex ante controls, and referred to OLAF where needed.</p> <p>Annual Audit Plans: [Applicable after 2 years of effective implementation] Audits and expenditure verifications are planned annually for ongoing operations of DG ENEST's overall portfolio. The operations to be verified or audited are determined through risk analyses or random basis. These controls can take place before (ex ante) or after (ex post) disbursements.</p>	<p>MUS sample sufficiently representative to draw valid management conclusions.</p>	<p><b>Effectiveness:</b> Residual error rate below tolerable threshold.</p> <p><b>Efficiency:</b> time to deliver RER results, on time for the assurance of the AAR.</p> <p><b>Economy:</b> Estimation of cost of RER controls of grant operations.</p>
	<p>Supervision missions to Delegations by independent staff not involved in the operational and financial circuits.</p>	<p>Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.</p>	<p><b>Effectiveness:</b> number of supervision mission, number of SMART recommendations accepted and described in an action plan.</p> <p><b>Efficiency:</b> Time to prepare supervision missions.</p> <p><b>Economy:</b> Estimated cost of supervision missions</p>

*B - Implementing results from ex post controls*

**Main control objectives:** Ensuring that the results from the ex post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries made (reliability of reporting).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	<p>Systematic registration of control results to be implemented.</p> <p>Financial operational validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AO.</p>	<p><b>Coverage:</b> 100% of final audit results with a financial impact.</p> <p><b>Depth:</b> findings of systemic errors are considered for corrections of other projects by the same organisation, taken into account for future projects.</p>	<p><b>Effectiveness:</b> All RER detected are recorded in the audit module, followed up and closed.</p> <p><b>Efficiency:</b> time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions.</p> <p><b>Economy:</b> Estimation of cost of follow up of financial recommendations.</p>

### 6.1.1 Performance-based expenditure (RCS 6)

Performance-based expenditure (PBE) is the financing provided by the Commission based on the achievement of results in the form of previously agreed qualitative and quantitative steps. PBE is implemented under the Reform and Growth Facility for the Western Balkans and under Pillar I of the Ukraine Facility. The two facilities include a loan component (paid from borrowing, the authorising officer is in DG BUDG) and a grant component, the “non-repayable support” (paid from the EU budget, the AO is in DG ENEST). Payments to beneficiary countries are made in pre-defined instalments only when these steps are satisfactorily fulfilled and the level of payment unlocked by the achievement of a step is not linked to the actual costs incurred by its achievement. Once disbursed, the funds enter the national budget or are channelled via ad hoc platforms (i.e., Western Balkans Investment Framework, Neighbourhood Investment Platform) with no direct link to the expenditure incurred to implement the reforms and investments.

The control framework for PBE is based on the assessment of the fulfilment of the steps. For this purpose, the Commission rely on documentary evidence provided with the payment request, complemented by audits and reports from national authorities. The Commission classify the expenditure into different categories of risk, depending on the complexity of the verification mechanism needed to assess the achievement of each step.

The assessment of each payment request takes the form of a Commission Implementing Decision and, under the Ukraine Facility, may be accompanied by a proposal for a Council Implementing Decision. Payments are authorised by the Commission only after the adoption of the Implementing Decision. If one or more steps are not satisfactorily fulfilled, the Commission may withhold the corresponding financial support and release the related funding once the necessary conditions are fulfilled within the deadline. If the shortcomings are not remedied within the applicable deadlines, the Commission may propose a reduction of that support, in line with the legal provisions.

### ***Stage 1: Identification and formulation***

DG ENEST signs framework and financing agreements (UA Facility) or facility agreements (RGF and Moldova Facility), as well as loan agreements with partner countries. These agreements include the necessary rules for the disbursement of funding of the grant and loan components under the Facilities.

**Main control objectives:** Ensuring that the reform plans and reform agendas submitted by beneficiary countries are relevant, comprehensive, appropriate, and effectively contribute towards the achievement of the policy objectives. Ensuring that the beneficiary countries' control systems include appropriate measures to prevent, detect and avoid double funding from other Union programmes and to prevent corruption, fraud and conflict of interests. Assessing if the indicators for disbursement are correctly formulated to allow checks and measurements.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<ul style="list-style-type: none"> <li>- The content of the proposed reforms and investments does not meet the requirements of the Ukraine Facility, Reform and Growth Facility and Moldova Facility Regulations and the outcome of the proposed reforms and investments misses its political target.</li> <li>- The internal control system proposed by the Beneficiary Country does not provide sufficient reasonable assurance regarding the protection of the financial interests of the Union.</li> </ul>	<ul style="list-style-type: none"> <li>A. Templates, guidance, assistance, and dialogue with beneficiary countries to develop high quality plans and agendas.</li> <li>B. Guidance and training for beneficiaries and staff.</li> <li>C. Expertise from other DGs and agencies.</li> <li>D. Review of the Commission proposal by DG ENEST's legal unit to ensure the assessment is legally correct and sound.</li> <li>E. Interservice quality review of the Commission proposal</li> <li>F. Inter-service consultation of the Commission proposal</li> </ul>	<p><b>Depth:</b> Preliminary assessment of EUD and HQ geo units, with possibility of requesting supplementary information and/or evidence, Interservice Quality Review with Commission services, followed by formal interservice Consultation.</p>	<p><b>Effectiveness:</b> assessment of the plans and agendas submitted by the beneficiaries completed by the Commission without undue delay</p> <p><b>Efficiency:</b> average time to adopt the Implementing Decision or provide the Commission proposal for the Council implementing decision after a positive assessment.</p> <p><b>Economy:</b> Estimation of cost of controls in the identification and formulation phases.</p>

### Stage 2 – Monitoring of the implementation – operational, financial and reporting aspects

**Main control objectives:** Ensuring that the steps included in the requests for the release of funds submitted by the beneficiary countries are fulfilled through ex ante controls. Ensure that beneficiaries advance their path towards more effective and efficient management and control system through review controls.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<ul style="list-style-type: none"> <li>- The data and information provided by the beneficiary country as part of the requests</li> </ul>	<ul style="list-style-type: none"> <li>- Templates, guidance (e.g. on assessment fiches drafting or preventing double funding), and dialogue with beneficiary countries to develop high quality payment requests. Frequent</li> </ul>	<p><b>Coverage and Frequency:</b> All payment requests (and</p>	<p><b>Effectiveness:</b> % of payments suspended when steps are</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>for the release of funds and available to the Commission may not provide sufficient justification or evidence that the steps are fulfilled or could be incorrect.</p> <ul style="list-style-type: none"> <li>- The declaration of assurance (for WB) / management declaration (for Ukraine) may not provide enough information to guarantee that the control systems give the necessary assurances on preventing, detecting, and correcting fraud, corruption, conflicts of interest, and irregularities.</li> <li>- The summary of audits may not provide sufficient information in relation to the audit work performed or on follow up of previous audits or may identify that the system's weaknesses involve of risk for the implementation of steps and for their non-reversal.</li> <li>- The ex ante controls on the requests for the release of funds may not be done within the deadlines set in the regulation.</li> </ul>	<p>bilateral meeting with beneficiaries to monitor progress, with a focus on problematic/on-achieved reforms.</p> <ul style="list-style-type: none"> <li>- Guidance and training for staff.</li> <li>- Early system audits examining the effectiveness of the beneficiaries' internal control systems at the start of implementation, on the basis of which improvements of the systems can be assessed.</li> <li>- Ex ante verification of the fulfilment of the steps based on documentary evidence (such as adopted laws and decrees). The subsequent assessment prepared by the responsible desk is subjected to horizontal checks performed by units for policy consistency, programming, legal, contracts and finance.</li> <li>- Use of independent sources of information to cross-check the plausibility of the data.</li> <li>- Review of the declarations of assurance and the summaries of audits.</li> <li>- Review of the preliminary assessment and the proposed payment decision by DG ENEST's legal unit to ensure the assessment is legally correct and sound.</li> <li>- Where relevant, on-the-spot controls and targeted audits of the declared steps.</li> <li>- Inter-service consultation of the Commission decision to authorise the payment.</li> </ul>	<p>periodically for review controls).</p> <p><b>Depth:</b> Checklists, guidelines, and desk review.</p> <p>If needed, request further information to the beneficiary country and/or undertake on-the-spot controls.</p>	<p>assessed as not satisfactorily fulfilled</p> <p><b>Efficiency:</b> Average time to adopt the decision authorising the disbursement of the financial contribution in case of a validated requests for the release of funds.</p> <p><b>Economy:</b> Estimation of cost of controls in the monitoring phase.</p>

### Stage 3 – Ex post controls

#### A – Ex post controls and follow-up

**Main control objectives:** Detecting and correcting any error or fraud remaining undetected after the implementation of ex ante controls. While the conditions for payments are the same, corrections function differently: for grants, corrections involve recovery, while for loans, they involve early repayment.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<ul style="list-style-type: none"> <li>- The ex ante controls of the requests for the release of funds may not have detected some issues related to the achievement of steps and targets.</li> <li>- The review of the requests for the release of funds and its underlying evidence, the declaration of assurance and audit summary may have indicated weaknesses in the management and control system of the beneficiary countries.</li> <li>- The beneficiary country has not put in place an adequate system to prevent, detect and correct cases of fraud, corruption, conflict of interest and double funding, to ensure compliance with national rules and laws and or detected cases of fraud, corruption, conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>- Templates, guidance, and dialogue with beneficiary countries' audit bodies.</li> <li>- Guidance and training for audit staff.</li> <li>- PFIU systems audits.</li> <li>- Additional controls by external bodies (ECA, IAS, OLAF);</li> <li>- Risk-based ex post controls and audits on fulfilment of steps conducted by the Commission.</li> </ul>	<p><b>Coverage and Frequency:</b> After the authorisation of the release of funds.</p> <p><b>Depth:</b></p> <ul style="list-style-type: none"> <li>- Review of the audits and checks carried out by the beneficiary countries.</li> <li>- Audits of specific steps.</li> <li>- System audits of the control framework for reporting on the completion of steps and targets and/or for the protection of the financial interests of the Union.</li> </ul>	<p><b>Effectiveness:</b> % audit plan performed, % of accepted steps assessed as not satisfactorily fulfilled by an ex post audit</p> <p><b>Efficiency:</b> average time to issue final audit report.</p> <p><b>Economy:</b> cost of controls</p>

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
and double funding were not corrected.			

DG ENEST reports the payments that do not fall under one of the existing RCSs as “**other payments**”. This includes administrative expenditure made by DG ENEST and type 3 co-delegations which are administrative expenses for salaries and/or missions reported by DG ENEST (the service responsible for the commitment), although the payments are executed by another service, notably the PMO and/or DG HR. The executing services implement the necessary technical controls and submit a declaration to DG ENEST on the compliance of these payments with the principle of sound financial management, as well as their legality and regularity. These expenses are considered to present a low level of risk and are therefore subject to a flat rate of 0.5%, as corroborated by the control results of the executing services. More information on the implemented controls can be found in DG HR/PMO annual activity reports.

# ANNEX 7: Specific annexes related to "financial management"

## Fraud risk management

<b>Objective:</b> The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission anti-fraud strategy <sup>(24)</sup> aimed at the prevention, detection and correction <sup>(25)</sup> of fraud			
<b>Indicator 1: Implementation of the actions included in [the department's] anti-fraud strategy over the whole lifetime of the strategic plan (2025-2029)</b>			
<b>Source of data:</b> DG ENEST annual activity report, DG ENEST anti-fraud strategy, OLAF reporting			
<b>Baseline (2024)</b>	<b>Target (2029)</b>	<b>Latest known results (situation on 31/12/2025)</b>	
100% of planned actions implemented	100% of due actions implemented each year	100% implemented	
<b>Main outputs in 2025:</b>			
<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Adoption of a new DG ENEST anti-fraud strategy	Adoption of a new AFS	Adoption by the end of 2025	AFS adopted <sup>(26)</sup>
Implementation of the DG ENEST anti-fraud strategy	Implementation of the 2025 annual AFS action plan: percentage of actions completed within the applicable deadlines	At least 50 %	50% <sup>(27)</sup>

<sup>(24)</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication'; Communication from the Commission "Commission Anti-Fraud Strategy Action plan – revision 2023" COM(2023) 405 of 11 July 2023 – "the Communication on the 2023 revision" – and the accompanying revised action plan, SWD(2023) 245– "the revised Action Plan".

<sup>(25)</sup> Correction of fraud is an umbrella term, which refers in particular to the recovery of amounts unduly spent and to administrative sanctions.

<sup>(26)</sup> The new DG ENEST Anti-Fraud Strategy 2025-2027 was adopted in December 2025. Ares (2025)11063740

<sup>(27)</sup> The previous action plan from 2024 has been used as a reference until adoption of the New ENEST Anti-Fraud Strategy and correspondent action plan.

Description	Indicator	Target	Latest known results (situation on 31/12/2025)
Implementation of the recommendations included in the OLAF reports	Timely completion of the assessment on the implementation of the OLAF recommendations  Reinforced monitoring of the implementation of the recommendations	75 % of OLAF recommendations are assessed for the implementation by the competent AOSDs within 3 months  Reminders are sent to action owners for outstanding recommendations at least every 6 months	100% <sup>(28)</sup>  2 reminders <sup>(29)</sup>
Regular reporting to Commissioner and Senior Management on the implementation of the anti-fraud strategies and on the OLAF cases	Report to the Commissioner and Senior Management	2 per year (at least)	2 reports <sup>(30)</sup>

## 1. Controls supporting the achievement of the objectives

The controls put in place by DG ENEST management aim to provide reasonable assurance that all the five internal control objectives are achieved. They encompass all control components and are implemented either ex ante (all except the Residual Error Rate study) or ex post (the Residual Error Rate study only).

**Manual of Procedures** (MAP): it provides guidance on financial and legal issues relevant to the activities of DG ENEST. It gathers, in a single document/ place, all information on the applicable procedures in DG ENEST.

**Financial circuits**: the level of ‘ex ante’ controls (before the approval of the AO(S)D) consists in the tight supervision and checks of all operational and financial aspects of transactions based on the financial circuit, complemented by comprehensive and detailed checklists. In line with the Financial Regulation, the financial circuits are defined by the Authorising Officer by Delegation (AOD) and described in ENEST MAP (Manual of Procedures). Before an operation is authorised, all aspects (both operational and financial) of the operation are verified by members of staff other than the one who initiated the operation. The person dealing with the verification is never subordinated to the initiator of the transaction. For the same file, the same

<sup>(28)</sup> 100% of applicable OLAF recommendations have been assessed within the deadline of three months.

<sup>(29)</sup> During the year, AOSDs were requested to provide two updates on the implementation of OLAF recommendations, specifically including progress on financial recoveries and the monitoring of recommendations with financial implications.

<sup>(30)</sup> Two comprehensive bi-annual reports were successfully submitted to the Senior management, meeting deadlines and exceeding expectations in term of content and quality.

person cannot do both initiation and verification (“four eyes” principle). In these circumstances, the roles of the operational function and the financial function are defined to avoid any overlap and confusion in responsibilities. Authorising officer by Delegation is responsible for both the budgetary and legal commitments related to the operations.

**Sub-delegation and deputisation:** The rules of DG ENEST on sub-delegation and deputisation complement its rules on financial circuits. These rules define all the functions within the DG and its EU Delegations/Offices that are eligible to receive sub-delegation of AOSD powers of signature. They set out the limitations applicable to the sub-delegation of the Authorising Officer powers, the procedure for granting sub-delegations and the principles applicable to the system of deputisation for a hierarchical superior and for a Responsible Authorising Officer. These rules apply to operations under budget lines managed by DG ENEST, both in headquarters and in EU Delegations.

**Sensitive functions:** DG ENEST has adopted a policy on sensitive functions in line the Commission’s guidelines. Genuinely sensitive posts are subject to mandatory rotation. The implementation of the policy is periodically reviewed in order to correct inconsistencies, register deviations and update the policy if necessary.

**Contractual verifications launched by the beneficiaries and contractors:** these mandatory expenditure verifications accompanying requests for payment are explicitly required in contractual documents. The terms of reference for such controls are aligned with those of financial verifications launched by the Commission. Auditors are requested to deliver the list of all items checked. This aims to increase transparency, reliability and allow for re-performance.

**Monitoring:** it refers to the ongoing collection, analysis and use of quantitative and qualitative information about project/programme/overall budget execution progress and the results being achieved. It supports effective and timely management decision-making, learning by project/programme stakeholders, and accountability for results achieved and resources used. It can consist of a wide range of activities, such as:

- financial monitoring (such as Budgetary Execution Reports or Summary tables with details on initial credits; budget transfers; available credits; cumulative execution; forecast for the period);
- operational monitoring (such as analysis of project/programme reporting documents and data, attending project/programme Steering Committee meetings, reviews of budget support operations, meetings with project/programme teams, beneficiaries, public authorities and other stakeholders, project visits to review the status of implementation, results reporting exercises);

Both monitoring can be conducted based on and complemented by the various available dashboards and tools (KPI, data quality, portfolio management, Opsys, etc.). In particular, DG ENEST monitors a group of key performance indicators (KPIs) grouped around three objectives:

1. Sound Financial Management and Effective Use of EC Resources;
2. Effectiveness of Internal Controls;
3. Effectiveness of Audit systems.

The KPIs are periodically reviewed and adapted, in agreement with DG INTPA. In addition, for each KPI, targets/benchmarks are set at the beginning of the year against which each entity managing funds within the DG (Delegation/Unit/Directorate) needs to deliver. The delivery by all entities contributes to the overall results of the DG and allows the detection of areas where follow up is required. The reports by the Authorising Officers by Sub-Delegation (AOSD) made at year end (by Directors to the Director General) provide details on the results of KPIs in HQ as well as a summary of KPIs in the Delegations under the responsibility of the AOSDs.

**Control plan:** DG ENEST carries out a robust risk assessment at project-level at the beginning of each year, which is the basis of the control plans. The exercise covers all funds managed by DG ENEST in all management modes and including all type of operations, with exceptions established in the annual guidelines (for example, budget support operations are usually excluded since they follow their own specific risk assessment process, as well as actions implemented under IPA Indirect Management with Beneficiary Countries, which follow their own specific guidance). The objective is to have an additional layer of controls which the AOSD activates if he/she perceives specific risks. It consists in a list of financial verifications and operational controls.

The **financial verifications** are:

- a) **Contractual mandatory verifications launched by the Commission** (explicitly required in contractual documents). These are few in numbers and target projects for which the Commission considers the risk level sufficiently significant to add an additional layer of control before payment. Such verifications are part of the yearly Control Plan of DG ENEST.
- b) **Risk based verifications** (based on perceived risks, at the level of contract/project that are not already mitigated by a contractual control). Since 2018, financial audits have been replaced by expenditure verifications focusing on legality/regularity of expenditure reported rather than on delivering an 'opinion'. These verifications can be coupled in specific cases with system verifications (which focus on the design and/or operating effectiveness of an entity's internal control system). In indirect management with International Organisations, verifications consist in agreed upon procedures, where controls are done in line with verifications clauses and specific agreements on interpretation of these clauses determined in framework agreements such as Financial and Administrative Framework Agreements (FAFAs) and in which auditors issue 'reports on factual findings'.

All financial verifications are listed in an **Audit and Verification Plan** validated by the Senior Management Meeting (SMM) and are monitored until all recommendations are followed up.

The **operational controls** are

- c) **On the spot checks:** they complement monitoring by verifying contract/project deliverables on the spot, along with aspects of legality and regularity, to support the operational visa ('certified correct') or, in indirect management, to provide supplementary assurance, that the monitoring and controls of the national authorities/entrusted entities to support their payment visas can be relied upon. On the spot checks can include an operational and a contractual/financial dimension, in which case they involve both operational and contracts and finance staff.

- d) **Results-Oriented Monitoring (ROM)**: monitoring outsourced to external contractors to acquire an independent view on the performance and results of EU funded projects and programmes. It makes reference to four criteria (relevance, efficiency, effectiveness, sustainability). External monitors assess project performance based on the OECD DAC (Development Assistance Committee) criteria and make use of data collected through a short-term monitoring mission. This provides information to support monitoring/evaluation/verification and management decision at project/programme level. It is regulated by a specific handbook, which is regularly updated by DG INTPA, DG ENEST and DG MENA.
- e) **Evaluations**: The [Better Regulation Guidelines](#), applicable to the entire European Commission, define evaluation as an objective and independent assessment of policy/intervention according to five key criteria: effectiveness, efficiency, relevance, coherence and EU added value. In external action, according to the OECD-DAC, impact and sustainability are to be considered as well

Strategic evaluations analyse strategies from design to implementation, assessing the results of spending (projects and programmes) and non-spending (policy dialogues) activities. They are conducted at several levels: country, region, multi-country, sector and instrument. They are planned on a multi-annual basis, and updated annually in case new needs arise. They are managed by HQ evaluation service and conducted by external evaluators.

To complement these efforts, diversify the range of evaluation types and related products, and build a stronger evaluation culture at all levels, DG ENEST also launches (light) reviews and studies focused on key strategic (and growing) policy priorities, tools and working processes that can play an instrumental role in informing internal learning for policy decision making and/or improved institutional and operational performance. These studies are only for internal use and are not published in DG ENEST website. These are planned on a multi-annual basis and updated annually in case new needs arise. They are managed by HQ evaluation service and facilitated by external consultants.

Project and programme evaluations provide knowledge on specific programmes and actions and feed the strategic evaluations. These evaluations are planned annually and are included in the Control Plan of the DG. They are managed by EU operational managers in Delegation/HQ and conducted by external evaluators.

All operational verifications are listed in the Control Plans adopted by the Heads of Delegation/Office and Directors/Heads of Unit.

**Controls in Indirect Management with Entrusted Entities**: the Commission may entrust budget implementation tasks in indirect management to entrusted entities (IMEE) that demonstrate a level of financial management and protection of the EU's financial interest equivalent to that of the Commission (e.g. international organisations, national agencies). This ability is verified through an ex ante **pillar assessment** of the entity. Pillar assessments are supervised either by DG ENEST or other Commission services and represent a condition to sign agreements with these entities, although they do not provide ex ante validation of the legality/regularity of future costs to be submitted to the Commission.

In addition, the Commission implements Financial Instruments (FIs) <sup>(31)</sup> and Budgetary Guarantees (BGs) <sup>(32)</sup> through indirect management by entrusting the implementation of actions to third parties, such as EIB, International Financial Institutions (IFIs) and Development Financial Institutions (DFIs). These entities are also subject to pillar assessments.

The entrusted entities, including International Financial Institutions, have the obligation stemming from the Contribution Agreements to submit periodic **Management Declarations and/or Audit Opinions (or in this last case an agreed means providing equivalent level of assurance)**. These include also the annual reports and progress reports for financial instruments and guarantee agreements. The management declarations from the International Financial Institutions cover also the European Western Balkans Joint Fund (EWBJF) grants.

**Controls on FIs and BGs** <sup>(33)</sup>: proposals made by eligible counterparts for investment programmes (PIPs) to be covered by the budgetary guarantees are assessed taking into account the expert advice of the technical risk assessment group on the risk and banking-related aspects of the proposals. In 2021 a joint Risk Management Unit for DG INTPA and DG NEAR was set up for this purpose. Its role is to assess and manage risks associated with the guarantee operations. It builds on close co-operation with partner financial institutions, by hosting risk experts and providing a collaborative platform for impartial and inclusive, high quality risk management function. The assessment is based on the Risk management framework, which sets out the guiding principles for the risk management of the External Action Guarantee.

Following this technical screening by the Commission, the proposals are discussed with all eligible counterparts during one or more Technical Assessment Meetings. Once a proposal is considered sufficiently mature, it is submitted to the EFSD+ Operational Boards for opinion (the commitment period of EFSD ended on 31 December 2020, only EFSD+ guarantee agreements are signed during the period 2021-2027). Following the opinion of the Operational Boards, the selected PIPs are adopted by a Commission decision. A similar process applies to the Ukraine Investment Framework, through its Steering Board.

As regards FIs, one or more Commission Decisions, based on priorities stemming from the regional indicative programmes and from policy dialogue with relevant partner countries,

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<sup>(31)</sup> A Financial Instrument (FI) is a measure of financial support provided from the budget to address one or more specific policy objectives of the Union which may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments. A FI may, where appropriate, be combined with other forms of financial support or other donors. Not all blending Actions qualify as Financial Instruments, but only those form of support which are repayable by the Organisation and/or its Financial Intermediaries qualify as such.

<sup>(32)</sup> Budgetary guarantees are guarantees granted by the Commission, on behalf of the Union, to the EIB, IFIs and DFIs aiming at achieving Union's policy objectives. The contingent financial liability arising from the EFSD (2017-2020) and EFSD+ (2021-2027) budgetary guarantees is covered by a provisioning set aside in the Common Provisioning Fund (CPF), managed by DG Budget. The amount of provisioning is determined by the provisioning rate set out in the EFSD and NDICI-Global Europe regulations respectively, between 9% and 50%. The Ukraine Facility Regulation sets out the initial provisioning rate for the Ukraine Guarantee at 70%.

<sup>(33)</sup> Please note that part from the guarantee agreements signed under the EFSD and EFSD+ and the Ukraine Guarantee, DG ENEST also manages the legacy of the EIB's External Lending Mandates (ELM), as well as the legacy agreements supporting financial instruments under the Neighbourhood Investment Platform (NIP) and the Western Balkans Investment Facility (WBIF).

allocate financing to the blending facility or platform from the various regional envelopes. After this decision, the specific blending framework governance is used to select projects. Following the positive opinion of the relevant blending framework board, the related contribution agreements/arrangements for FIs will be signed. A similar process applies to the Ukraine Investment Framework, through its Steering Board.

**Controls in Indirect Management with Beneficiary or Partner countries:** The

Commission can entrust budget implementation tasks in indirect management to beneficiary or partner countries. Before signing a financing agreement, DG ENEST assesses the effective and efficient functioning of the control system in the beneficiary country, in accordance with the requirements set in the FR and the applicable regulation, transposed in a framework agreement signed with each beneficiary or partner country. These assessments constitute the key element giving assurance to the AOSD on the readiness of the entrusted structures. These systems are reassessed on a periodic basis.

Additional assurance is obtained by ex ante/ex post controls in procurement and grant processes, review of the system/transactional audits of the beneficiary country's audit authority, the review of the management declarations, reports, and control results from management/audit authorities.

**Controls on performance-based payments**

The primary layer of assurance is the control work done by the Ukrainian authorities in line with Article 7 (1) of the *Framework Agreement (FWA) between the EU and Ukraine on specific arrangements for implementation of Union funding under the Ukraine Facility*, which requests that Ukraine shall put in place for Pillar I and efficient and effective Management and Control System (stage 1 of new RCS 6).

In line with the FWA, ENEST carried out a full-scale system audit in 2025 on the MCS put in place by Ukraine to manage Pillar I. The opinion of the external auditors was qualified, accompanied by a set of recommendations to improve the existing system. The Ukrainian authorities have fully accepted 3 out of the 23 findings, with 2 partially accepted.

The secondary layer on assurance is based on the control work (ex ante controls) carried out by the Commission services on each request for payment received, including on the management declarations and audit summaries accompanying each payment (stage 2 of new RCS 6). After completion of those ex ante controls and Inter Service Consultation, a Council Implementation Decision is adopted, allowing the payment of the request for payment submitted by the Ukrainian authorities.

In the course of 2025, ENEST ex ante controls have not highlighted any issue.

The third layer of assurance (stage 3 of new RCS 6) is based on ENEST audits (ex post controls). It is planned to take place when a sufficient number of medium and high risk steps will be reported for payment, typically steps with IT-related components and recruitments (related to the deployment of IT and/or automated systems and recruitments – medium-risk steps) and steps corresponding to investments, which require concrete spending, including through procurement and awarding according to the national legislation (high-risk steps). While the high-risk steps represent 10,3% of the total number of steps (or 15 out of 146) of the Facility, no high-risk steps were reported as fulfilled by the Ukrainian authorities during the year 2025.

As a result, given that:

- (i) The MCS put in place by Ukraine to implement Pillar I of the Facility was found compliant (qualified opinion with recommendations to improve the existing MCS),
- (ii) ENEST ex ante controls have not highlighted any issue.
- (iii) no high-risk steps were reported as fulfilled by the Ukrainian authorities during the year 2025,

for the reporting year 2025, no payments or part of payments related to the fulfilment of the steps are considered as high risk and the part of the low risk performance-based expenditure incurred during the year 2025 is 100%.

**Controls on medium and long term loans:** DG ENEST can provide support to third countries also in the form of medium and long term loans, generally in the context of Facilities (e.g., Ukraine Facility and the Reform and Growth facility for the Western Balkans), each time based on an ad hoc Legislative Decision (co-decision by the European Parliament and Council under the ordinary legislative procedure). The loan funds can come from the EU budget or can be borrowed on the capital markets and then transferred to the beneficiary country. The funds are not allocated to specific projects or spending categories and their destination, unless otherwise specified, is left to the national authorities to decide. The funds are allocated based on the respect of conditionalities, such as achieving specific reforms, whose compliance is assessed by the Commission. In line with the provisions of the Regulations establishing the Facilities, the disbursements are made based on a Commission decision authorising the payment that follows the adoption of a Council Implementing Decision providing a positive assessment of the satisfactory fulfilment of qualitative and quantitative steps allocated to each instalment. Before each disbursement, the Commission also monitors the fulfilment of the precondition for support under the specific Facility. For Loans, Operational Verifications are under the remit of DG ENEST and Financial Verifications are under the remit of DG BUDG.

**Residual Error Rate (RER) study:** is an agreed upon procedure that provides information allowing the evaluation of the effectiveness of the overall control framework, and forms an important part of the information made available to the Director General when signing the Declaration of Assurance. The residual errors are those that have evaded all prevention, detection and correction controls in the existing control framework.

The RER indicator is designed to identify residual errors which have not been detected by the ex ante controls and to provide sufficient information to conclude on the effectiveness of the internal control system, particularly in respect of the risks related to legality and regularity of expenditure. When the RER is below the materiality threshold of 2%, it is a strong signal that the controls put in place at all levels of the DG are effective. Moreover, besides the overall error rate, the RER study reveals common types of errors and therefore helps to avoid them in the future.

The RER methodology is regularly updated to take into account the recommendations of the Court of Auditors and the IAS. The methodology takes into account the multiannual nature of DG ENEST's programmes, as the sample is based on contracts closed during a pre-defined period. The RER methodology has been updated in September 2025 to reflect changes in the

RER study timeline to allow the DG to report on time for the Annual Activity Report, as well as changes in the sampling procedure.

Moreover, as of 2019, following a high error rate identified in grants under direct management, the number of checks was increased in this particular area and more precise guidelines on checking second-level procurement were given to the RER contractor. These checks provide additional and corroborative information on the types of error in grant contracts, which was then consistently reduced.

In its annual report for 2021, the ECA addressed the specific recommendation related to the RER study to DG NEAR (predecessor of DG ENEST): to **disclose the closed contracts not included in the RER population**, from which the sample is drawn. This information is provided annually in DG ENEST's Annual Activity Report.

The criteria for excluding “**old contracts**” from the RER population are strict and set in the RER methodology:

- contracts characterised by no operational activity in the **last eight years** and/or
- contracts on which no controls in the **last five years** were implemented.

The exclusion of the old contracts does not affect the representativeness of the sampled population, or the resulting residual error rates, as the RER ex post controls are performed on a sample of closed contracts, not on the whole population. There will always be a part of closed contracts not subject to the RER ex post control. Moreover, the information coming from ex post controls of old contracts would be of little value, as old contracts were implemented under rules and regulations no longer in application. Finally, after the end of the implementation period, beneficiaries are obliged to keep supporting documentation up to 5 or 8 years, depending on the contract. This time limitation would hinder the possibility to carry out the controls on old contracts and result in a number of transactions not contributing to the calculation of the error rates.

No old contracts were identified in the 2025 study, thus no exclusions were made.

In 2025, DG ENEST continued the suspension of ex post controls for 10 contracts implemented in Russia and Belarus (for an overall contract value EUR 9.2 million), due to the political situation following the Russian unprovoked and unjustified invasion of Ukraine and the subsequent impossibility to communicate with and obtain cooperation from the national authorities and the majority of beneficiaries in these two countries. The number and value of contracts excluded from the RER study was significantly reduced in 2025, following the decision to resume RER controls on contracts implemented in Ukraine by DG ENEST.

**Supervision missions:** they represent a management tool at the level of Directors. They provide assurance to the AOSD, as well as insight into the Delegations'/Offices' capacity to manage EU external assistance and to achieve their goals. Each Delegation/Office is visited according to a Multiannual Plan defined by the Geographical Directorates, in cooperation with the Resource directorate. A minimum frequency is defined in the related Process Manual and varies between 3 and 5 years. The output of the supervision mission is the final report and its recommendations. The Delegations'/Offices are responsible for preparing an action plan and for

the timely implementation of the recommendations. A follow-up is performed within 6 months and 12 months of the final report.

**Risk Management:** DG ENEST established a robust risk management policy and developed internal guidelines in order to adapt the risk management process to the risk specificities of the DG. Risks are identified and assessed using the impact/likelihood model. The impact is the potential consequence should the risk materialise; it can be both quantitative and qualitative in nature. The likelihood is the estimated probability that the risk will occur. The identification and assessment of risks in DG ENEST is performed at two levels:

- at directorate level, in order to encompass the operational, financial and policy aspects;
- at DG level to include an overall and strategic perspective and select only the risks which are relevant for the whole DG.

Critical and significant risks at Directorate level are recorded in the respective Directorate risk registers. Critical and significant risks at DG level are included in the DG ENEST risk register. For all risks to be mitigated, an action plan is established, and its implementation is followed up and monitored.

**Anti-Fraud Strategy:** DG ENEST has inherited and built upon the anti-fraud legacy of its predecessor, continuing to develop and implement its own anti -fraud strategy based on the methodology provided by the European Anti-Fraud Office (OLAF). The New ENEST Anti-Fraud Strategy was adopted in December 2025 and covers the period 2025-2027. Its implementation is being monitored and reported on to the Commissioner and to senior managers at least twice a year. The AFS is complemented by a Manual which provides a consolidated source of information regarding anti-fraud procedures and practices (e.g. reporting an irregularity or a potential fraud). DG ENEST also contributes to the Commission anti-fraud strategy and its action plan.

**Exceptions, non-compliance events, derogation, prior approvals, events to be reported, confirmation of instructions:** DG ENEST ensures a system tracking, monitoring and reporting of deviations from established processes and procedures <sup>(34)</sup>, of options foreseen

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<sup>(34)</sup> DG ENEST has developed and implemented its own anti-fraud strategy (AFS) since 2014, based on the methodology provided by OLAF. Its implementation is being monitored and reported on to the Commissioner and to management at least twice a year. The AFS is complemented by a Manual which provides a consolidated source of information regarding antifraud procedures and practices (e.g., reporting an irregularity or a potential fraud). DG ENEST also contributes to the Commission anti-fraud strategy and its action plan.

in the procedures requiring a formal approval for their use <sup>(35)</sup> and of confirmation of instructions (Art 92.3 Financial Regulation) <sup>(36)</sup>.

### **Controls performed by external bodies :**

- Audit Board (AB) for the Ukraine Facility <sup>(37)</sup>: the independent AB ensures closer oversight on fraud, corruption, conflicts of interest and irregularities incurred in relation to any amount spent to achieve the objectives of the Facility. The primary objective is to build upon the European Commission's Management and Control System (MCS) by providing additional advisory activities to the Director-General overview on the internal control system in place for the Ukraine Facility. This is achieved through close collaboration with designated institutions and the subsequent scrutiny and evaluation of the monitoring and control systems put in place by Ukrainian authorities. The AB's responsibilities include the continuous monitoring of the design and effectiveness of Ukraine's MCS for the Facility (e.g. examine individual procedures, conduct on-the-spot checks and necessary verifications pertaining to expenditure, , monitor the sustainable fulfilment of the qualitative and quantitative steps etc) the reporting of any instances of identified or suspected mismanagement of public funds or weaknesses in the control system, the provision of recommendations to Ukraine, and oversight of their implementation. While the Audit Board should focus on specific procedures and expenditure within the scope of its mandate, it should not duplicate the audits conducted by the Commission. All recommendations should be discussed with the Commission prior to finalisation. The Commission retains the right to initiate further investigations if deemed necessary. The AB issued its first report in October 2025.
- Internal Audit Service (IAS): the IAS audits the management and control systems that exist within the Commission and the EU agencies and provides independent and objective assurance on their adequacy and effectiveness. On request of management, it also offers consulting activities. Audits performed by the IAS may lead to observations and recommendations addressed to DG ENEST. In addition, the Internal Auditor of the Commission releases every year the overall conclusion;
- European Court of Auditors (ECA): the ECA is the external auditor of the EU Budget and EDF. The ECA performs two types of audit:

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<sup>(35)</sup> Prior approvals and events to be reported are activation of options explicitly allowed by the established processes and procedures. Prior approvals require a specific request with adequate justification and ex ante approval by the responsible competent authority. Events to be reported also entail the approval by the competent authority but this is given in a supporting document (evaluation reports for calls for tenders/proposals, financing agreements, basic acts, declaration of crisis, etc.). They do not deserve therefore a specific request. They are meant to keep a statistical record of these cases and unlike the rest of categories, they are encoded in CRIS in a simplified manner with a single ENCOD visa.

<sup>(36)</sup> An Authorising Officer by Delegation or Sub-delegation who receives a binding instruction which they consider to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to them, shall inform the authority from which they received the delegation or sub-delegation about that fact in writing. If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the Authorising Officer by Delegation or Sub-delegation has challenged, the Authorising Officer by Delegation or Sub-delegation shall not be held liable. They shall carry out the instruction unless it is manifestly illegal or constitutes a breach of the relevant safety standards. Confirmation of instructions are covered by the AOSD annual reports.

<sup>(37)</sup> Commission decision establishing the Audit Board: C(2024)3969 of 12.06.2024.

1. Financial audits to check the reliability of the accounts and the legality and regularity of the underlying transactions. ECA conclusions and opinion (i.e. the Statement of Assurance) are reflected in its annual reports on budget, usually including recommendations to DG ENEST.
  2. Performance audits examine whether the EU funds have been used effectively and efficiently to achieve policy objectives. ECA conclusions are reflected in its special reports, which include recommendations to DG ENEST.
- Commission's Accounting Officer in the framework of the validation of local financial management systems;
  - OLAF (European Anti-Fraud Office) conducts independent investigations on fraud and corruption involving EU funds and on serious misconduct by EU staff and members of the EU institutions. The results of the investigations can include recommendations addressed to DG ENEST.

In case of issues and deficiencies identified by external bodies, DG ENEST establishes the appropriate actions to address them and ensure the necessary follow-up of the related recommendations.

## 1. Reports and documentation considered for the assessment of the functioning of the Directorate-General in view of the AOD's assurance

### Reports on Financial management and Internal control

The main reports produced are the following:

- Monthly financial reports;
- The Management Plan 2025 of the Directorate General;
- The Management Plan 2025 of the Delegations;
- Reports by the Authorising Officers by Sub-Delegation (AOSD) made at year end (by Directors to the Director General), detailing the results of Key Performance Indicators (KPIs) in HQ as well as a summary of KPIs in the Delegations under the responsibility of the AOSDs. These reports also include the statement of assurance signed by each Director, in addition to information about significant control weaknesses or other key issues;
- The External Assistance Management Reports (EAMRs) prepared by the delegations, with the statement of assurance signed by each Head of Delegation. As per Financial Regulation, this statement includes information on the efficiency and effectiveness of the internal control systems put in place in the Delegations, as well as information on the management of the operations sub-delegated to them, thus providing their assurance to the relevant Director in accordance with the sub-delegation received;

- The reports from authorising officers in other DGs managing budget appropriations via cross sub-delegations;
- Ad hoc reports from the Management Information System (MIS) (on risk assessment, financial forecasts);
- The findings and recommendations for Indirect Management with Beneficiary Countries (IMBC) stemming from the audit reports in support of the decision of entrustment;
- The management declarations, reports, and control results from management/audit authorities under IMBC;
- The pillar assessment reports: International Organisations and National Agencies need to undergo pillar assessments, pursuant to the Financial Regulation to be able to sign delegation agreements under indirect management. These assessments aim to check whether the European Commission can entrust budget implementation tasks to entities that demonstrate a level of financial management and protection of the EU's financial interest equivalent to that of the Commission;
- The management declarations from International Organisations and Member States agencies. Management declarations from the International Financial Institutions cover the European Western Balkans Joint Fund (EWBJF) grants;
- The annual reports and progress reports for financial instruments;
- The supervision mission reports on Delegations visited during the year;
- The follow-up of supervision mission performed in the year(s) before;
- The 2025 RER study and the RER studies of the last three years (2023-2025);
- The reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 Financial Regulation);
- The report on the implementation of OLAF financial and administrative recommendations to OLAF and DG BUDG;
- The report on OLAF cases and on the implementation of the DG Anti-Fraud Strategy to the Commissioner, to the DG and to senior management;
- The periodic follow-up and reporting on the implementation of the action plan for AAR reservation, from the DG Risk Register and in relation to previous internal control deficiencies;
- The observations and recommendations reported by the ECA and the IAS (detailed information in Annex 8);
- The accounting Officer's reports on the validation of local financial management systems;
- The contribution by the Director in charge of Risk Management and Internal Control (RMIC), including the results of internal control monitoring at the DG level.

## 2. Financial Regulation: Additional reporting requirements resulting from the 2018 and 2024 revisions.

In line with the requirements of the Financial Regulation, DG ENEST reports for the year 2025:

- 1) Three cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3)

- 2) No cases of "confirmation of instructions" (FR art 92.3)
- 3) Five cases of financing not linked to costs (FR art 125.3)R4
- 4) No Financial Framework Partnerships >4 years (FR art 131.4)
- 5) No cases of flat-rates >7% for funding indirect costs (FR art 184.6)R4
- 6) Seven derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation.
- 7) Eight cases of financial support to third parties >EUR 60 000 (FR art 207)
- 8) No of non-financial donations provided in the form of services, supplies or works (FR art 244.3)

### 3. Table on the estimated “cost of controls” at Commission level

Overview of DG ENEST estimated cost of controls.

ENEST	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Segment of expenditure (as in Table X) / Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
RCS 1 - Grants in Direct Management	20.854.069,01 €	916.595.860,88 €	2,28%	902.440,05 €	132.538.649,83 €	0,68%	21.756.509,06 €	2,37%
RCS 2 - Procurement in Direct Management	7.336.399,63 €	210.846.639,49 €	3,48%	310.700,58 €	23.174.662,97 €	1,34%	7.647.100,21 €	3,63%
RCS 3 - Budget Support	2.153.323,18 €	160.456.667,00 €	1,34%	389.098,46 €	369.191.055,56 €	0,11%	2.542.421,63 €	1,58%
RCS 4 - Indirect Management with Beneficiary Countries	3.172.742,64 €	220.545.168,68 €	1,44%	401.096,61 €	269.150.697,64 €	0,15%	3.573.839,25 €	1,62%
RCS 5 - Indirect Management Entrusted Entities	22.745.773,97 €	1.489.749.149,26 €	1,53%	1.142.779,58 €	238.898.627,14 €	0,48%	23.888.553,55 €	1,60%
RCS 6 - Performance based	8.488.079,42 €	601.252.880,00 €	1,41%	328.165,42 €		0,00%	8.816.244,84 €	1,47%
Other payments	7.284.113,91 €	500.636.236,58 €	1,45%	310.088,10 €	3.087.758,00 €	10,04%	7.594.202,01 €	1,52%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>72.034.501,75 €</b>	<b>4.100.082.601,89 €</b>	<b>1,76%</b>	<b>3.784.368,81 €</b>	<b>1.036.041.451,14 €</b>	<b>0,37%</b>	<b>75.818.870,56 €</b>	<b>1,85%</b>

NB. The absolute values are presented in EUR.

In line with previous years, the verification of expenditure is considered by DG ENEST in 2025 as ex ante control, while the RER study is considered ex post. For HR-related costs, DG ENEST assumes that ex ante control represents 98% of total control activities and ex post 2%. Evaluation costs have been included only where they relate to a specific project or contract, in line with the Commission guidelines.

Costs of controls are attributed to each RCS using a weighting key of 80% (total payments) and 20% (number of contracts) where direct attribution is not possible. Tasks and costs that cannot be attributed to a specific RCS are assigned to “Others”. Costs are linked to all payments made in 2025 under the EC Budget, excluding Contributions to CPF, as these constitute transfers without controls attached. Details of the estimated cost of the control

activities related to payments for salaries and/or missions executed by DG HR and PMO are reported in their respective annual activity reports <sup>(38)</sup>. It should also be noted that some control costs may still cover DG MENA programmes, as some contracts were signed before the organisational split and therefore continued to generate related control costs for DG ENEST in 2025. The cost of controls for cash and cash equivalents and current financial liabilities is included on DG's total amount and cannot be provided separately.

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<sup>(38)</sup> In 2025, administrative expenses related to salaries and/or missions are reported by the service responsible for the commitment, although the payments were executed by another service, notably the PMO and/or DG HR, which, until 2024, also reported the corresponding expenditure. This new reporting arrangement was introduced in the context of data rationalisation linked to the implementation of the Commission's new IT accounting system. In 2025, these expenses represented 0,96% of DG ENEST total payments.

## Results of the control and risk analysis for the relevant control systems (RCSs)

The section below provides further details about the results in terms of control and risk analysis for the relevant control systems (RCS).

### A. Direct Management

Under Direct Management, funds are channelled to the final recipients through contracts signed directly by the Commission as the contracting authority. Under Direct Management, the control environments are Grants in Direct Management (RCS 1); Procurement in Direct Management (RCS 2) and Budget Support (RCS 3).

#### *RCS 1: Grants in Direct Management*

Under Direct Management, funds are made available to the final recipients through contracts signed directly by the Commission as the contracting authority. Under Grants (RCS 1), the control results and risk analysis are the following:

- With a residual error rate for grants that has been above the materiality threshold of 2% until 2020 (2019: 2.65%, 2020: 3.34%), DG ENEST assesses that there is an inherent risk related to grants in its portfolio. However, grants are a key modality to implement DG ENEST's policy objectives through reaching out, amongst others, to smaller, local and grass-roots non-governmental organisations in fields such as civil society development, human rights or media. In most countries covered by DG ENEST, the space in which civil society organisations operate has been shrinking over the years, with increasing restrictions on their establishment, operations, development and independence contributing to additional difficulties in managing EU-funded projects. DG ENEST's willingness to accept risks when it comes to grants in direct management is therefore higher than for other implementation modalities because of their importance to the achievement of its policy objectives. The risk is inherent in the nature of the activities.
- Furthermore, the grant reimbursement mechanism is based on eligible actual costs and reimbursement claims submitted by the beneficiaries. Root causes of errors in grants are mainly due to misunderstanding or misinterpretation of the relatively complex contractual provisions. In several instances, they relate to the lack of safeguarding of the financial documentary evidence after project completion or the lack of response to the RER auditors. Grants are mostly implemented by non-profit organisations based in partner countries. These entities sometimes lack the necessary expertise for the rigorous application of the general and specific conditions of the grant contracts.
- Considerable efforts have been made in 2024 and in previous years to address the causes of errors and these continued to have a positive impact in 2025. For example:
  - DG NEAR until 1/2025 and DG ENEST from 2/2025 continued to enhance the analysis and awareness on the types of errors, also emphasising the need for prevention. As part of these efforts, a workshop was organised to disseminate the results of the RER Study and an in-depth analysis of errors in grants (building on RER and expenditure verifications) was issued.

- Information sessions (kick-off meetings) with (new) grantees continued being organised to explain their contractual obligations and provide clear information on the most frequent sources of errors in grant management;
- Implementation of additional measures for grant management, detailed in a note distributed to all Delegations in 2021 and applied throughout 2022-2024.
- Additional training and information sessions were organised to raise awareness of the main types of errors, the lessons learnt and the controls to be enhanced in order to prevent them.
- The Finance and Contracts SharePoint spaces include a dedicated part on best practices and guidance on grant contract management.
- As a result, both the indicative residual error rate for RCS1 (based only on the grants included in the main sample) and the residual error rate derived from the grants tested in the additional grant sample (statistically representative since selected from a population of grants under direct management) within the RER study are below 2% since 2021 (2021: 1.94%, 2022: 1.40%, 2023: 0.75%, 2024: 1.49%, 2025: 1.28%)

### *RCS 2: Procurement in Direct Management*

Control results and risk analysis:

- Contractual procedures are transparent, well established, and main contractors are very familiar with them.
- Review of the results of ECA reports of recent years shows that procurement operations have a low risk.
- This is confirmed by the result of the 2025 RER study, as the indicative residual error rate calculated for this RCS is below 2% and has been consistently below 2% in the last three years.

### *RCS 3: Budget Support in Direct Management*

Control results and risk analysis:

- Review of the results of recent ECA reports shows that budget support operations have a very low risk.
- This is confirmed by the result of the 2025 RER study, as the indicative residual error rate calculated for this RCS is below 2% and has been consistently very low in the last three years.
- The system of ex ante controls, including the high-level steering mechanism put in place by DG ENEST for budget support operations, which prevents any disbursement from being made unless all required pre-conditions and targets have been met, significantly reduces the risk associated with these transactions.

## **B. Indirect Management**

Under indirect management, the final recipient receives EU funds through a contract signed with an intermediary to which the Commission has entrusted the tasks of selecting the final recipients and managing the resulting contracts (budget-implementation tasks). The recipient is either an Indirect Management Entrusted Entity (IMEE), such as an International Organisation or Member State Agency, or an Indirect Management Beneficiary/ partner

Country (IMBC). The significant control environments identified and described below are IMBC (RCS 4) and IMEE (RCS 5).

#### *RCS 4: Indirect management with beneficiary/ partner countries (IMBC)*

Control results and risk analysis:

- The indicative residual error rate for the RCS IMBC is below 2% in 2025 and has been consistently below 2% in the last three years.
- The 2025 RER study includes a representative sample of IPA (enlargement) transactions under IMBC. The result shows the residual error rate for IMBC-IPA is also below 2%.
  - DG ENEST receives annual management declarations, annual audit activity reports and annual audit opinions from all IPA beneficiary countries <sup>(39)</sup>.
  - In order to safeguard the financial interest of the Commission, the internal control systems of all IPA beneficiary countries are assessed annually by DG ENEST to support the entrustment decisions.
  - In 2025, there were full ex ante controls by the EU Delegations over procurement and grant procedures managed under IMBC.
- RCS 4 also covers indirect management in the neighbourhood.
  - In the neighbourhood, partner countries are entrusted with budget implementation. The delegation can be partial, when the Commission makes payments, or complete, when partner countries make payments to contractors and grant beneficiaries. This way of working is referred as programme estimates. Programme estimates are being phased out.
  - The Commission puts in place controls on the entities and persons that carry out these tasks. All third countries implementing the budget under indirect management are required to either have in place procedures which provide a level of assurance equivalent to the Commission's own (i.e. ensuring sound financial management, the absence of conflict of interest, the respect of the principle of transparency and the setting up of an effective and efficient internal control system) or they are requested to follow the Commission's own External Action procedures, by following the "Practical Guide on contract procedures for European Union external action (PRAG)".
  - In the programming period 2007-2013, DG NEAR was responsible for Cross-Border Cooperation programmes between EU Member States and Neighbourhood countries. In January 2020, the ongoing CBC programmes under ENI were transferred to DG Regional and Urban Policy. The previous programmes under ENPI are being closed, hence only clearings were processed in the last three years (no new payments).
  - The assurance over the legality and regularity of operations that are conducted by Member States designated authorities, in accordance with their own rules, is built on work carried out at two levels:
    - At Joint Managing Authority level, the daily control framework includes ex ante financial verifications before declaring expenditure eligible and follow up of

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<sup>(39)</sup> All the documents received cover the year 2025.

audits by external auditors. The annual report is audited by the national audit authority of the host country.

- At Commission level, the analysis is based on National Authority system audit reports; Audit Authority opinion on the annual accounts; relevant information from ECA and OLAF, any other information, acquired by the Commission in the context of day-to-day management of the programmes.

### *RCS 5: Indirect management with entrusted entities*

Control results and risk analysis:

- The RER study includes a sample of IMEE transactions (Main rate).
- The 2025 indicative residual error rate calculated for this RCS is below 2%. Since 2017, the RCS 5 has consistently registered level of errors below 2%.

DG ENEST received annual management declarations at project level <sup>(40)</sup> from the entities it works with under indirect management, unless the latter have agreed with the Commission to send an Annual Management Declaration covering all contracts implemented in the previous year. The management declarations from the International Financial Institutions also cover the European Western Balkans Joint Fund (EWBJF) grants.

A key factor when assessing DG ENEST's relationship with International Organisations (IOs) are certain peculiarities in the field of financial and operational reporting. Reports submitted by some IOs do not necessarily allow for an in-depth assessment of the reported expenditure, due to differences (identified and acknowledged through the positive assessment of the relevant pillars) between the accounting systems and costs structure of these organisations and those of the Commission.

Based on the above elements, DG ENEST puts in place the following measures:

- Carry out an in-depth analysis of the major errors.
- Continue clarifying and simplifying rules, procedures, agreement templates, and framework agreements that apply to its relations with IOs. As of April 2020, the ToR for verifications of IOs were streamlined and unified with those for expenditure verification of grants and service contracts.
- Remain involved in a global assessment of terms of reference and verification missions with all UN Agencies and other External Actions DGs to implement the verification clause as set in the FAFA <sup>(41)</sup>.

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<sup>(40)</sup> Delegation Agreements contain the obligation to provide a Management Declaration following the template annexed to the contract with every report. However, it is possible to agree with the Commission to send annually the Management Declaration covering all the agreements signed with the Commission. In this case, the organisation sends within the year n (this could be either the calendar year or the financial year of the organisation) the Annual Management Declaration for year n-1 covering all contracts implemented in that year. This Management Declaration is valid until the end of year n+1, i.e., it serves as the Management Declaration for payment requests/reports submitted until this point in time.

<sup>(41)</sup> Financial and Administrative Framework Agreement. A Common Understanding on the use of verification Terms of Reference (ToRs), clarifying the sampling procedures and supporting documents, also entered into force as of April 2020.

- Undertake regular in-house analysis of non-financial findings stemming from verification missions to international organisations.

### C. Expenditure not covered by a specific RCS

Besides administrative expenditure, the main categories of expenditure not covered by a specific RCS are represented by the contributions to the Common Provisioning Fund, type III co-delegations and the amounts paid for “Ukraine Facility - Pillar III Borrowing costs subsidy” and “Macro-Financial Assistance to Ukraine - Interest Rate Subsidy” (EUR 496 million in 2025). These payments are made on the budget line “borrowing costs subsidy” in chapter 16 06 of the budget (Ukraine facility) and are ancillary to the loans.

#### *Type III co-delegations*

In 2025, administrative expenses related to salaries and/or missions are reported by DG ENEST (the service responsible for the commitment), although the payments were executed by another service, notably the PMO and/or DG HR, which reported the corresponding expenditure until 2024. This new reporting arrangement was introduced in the context of data rationalisation linked to the implementation of the Commission’s new IT accounting system (SUMMA). In 2025, these expenses represented 0.96 % of the DG ENEST total payments (EUR 48.37 million).

#### *DG ENEST contribution to the Common Provisioning Fund (CPF)*

Budgetary guarantees (BG) are provided by the Commission, on behalf of the Union, to the EIB (European Investment Bank), International Financial Institutions (IFIs) and Development Financial Institutions (DFIs) aiming at achieving Union’s policy objectives. The contingent financial liability arising from the BGs under EFSD (2017-2020) and EFSD+ (2021-2027) is covered by a provisioning set aside in the Common Provisioning Fund (CPF), managed by DG BUDGET and operational since January 2021.

DG ENEST provides contributions to the CPF. The CPF manages the safety buffers (provisions) for budgetary guarantees and financial assistance programmes underpinned by the Union budget in one common portfolio. The provisions held in the CPF constitute the capital buffer for absorbing claims arising from project defaults or other losses experienced by implementing partners in respect of investment operations or from financial assistance loans supported by EU guarantees. The amount of provisioning is determined by the provisioning rate set out in the EFSD and NDICI-Global Europe regulations respectively, between 9% and 50%. For the purpose of the AAR of DG ENEST, in terms of legality and regularity the contributions to the CPF represent a zero-risk internal transfer, as all the elements of the transactions are determined by DG BUDG.

## KPI Analysis

In 2025, 15 out of 23 <sup>(42)</sup> KPIs met the set targets corresponding to an overall success rate of 65%. This result shows that the global performance of DG ENEST declined in comparison with the previous year <sup>(43)</sup>, with more underperforming KPIs out of the total number of benchmarked indicators.

The KPI results have deteriorated in sound financial management indicators, while effectiveness of internal controls and audit systems have moderately strengthened. One of the main reasons for this situation is the migration from ABAC to the new SUMMA accounting IT system which took place in the first half of the year. That created widespread delays due to technical instability, permission and encoding issues, and a surge in Helpdesk tickets that slowed financial processing. Specific issues required invoices to be cancelled and encoded again, further delaying registration processes.

The split of DG NEAR into DG ENEST and DG MENA further compounded these challenges, delaying the reopening of DG ENEST operational IT system OPSYS until early April and causing a temporary standstill in operational implementation. In parallel, the delayed synchronization between SUMMA and OPSYS required joint troubleshooting with DG DIGIT and DG INTPA, extending the backlog and affecting end-to-end transaction flows. As a result, 5 KPIs, especially related to timeliness of financial transactions, have been affected and could not meet their set targets. Additionally, due to technical difficulties encountered in adapting KPI 13 “Reduction of the backlog of expired recovery orders” to the new SUMMA IT system, reporting on this KPI was suspended for the 2025 reporting exercise.

KPI Name <sup>(44)</sup>		KPI result 2025	Annual Target/Benchmark	KPI result 2024
<b>A - Sound financial management and efficient use of EC resources</b>				
K01	Accuracy of forecast for global commitments	100.00% ▲	Between 90% and 110%	101.51% ▲
K02	Accuracy of forecast for payments	100.00% ▲	Between 90% and 110%	100.20% ▲
K03	Global Commitment Absorption	92.44% ▼	At least 80%	103.97% ▲
K04	Time to Grant	36.40 ▲	Not more than 90 days	46.05 ▲
K05	Timely registration of invoices	47.65% ▼	At least 90%	96.10% ▲
K06	Timely payments	76.67% ▼	At least 90%	94.80% ▼
K07	Timely Invoice Pre-Financing Clearing	74.80% ▼	At least 85%	94.51% ▲

<sup>(42)</sup> In 2025 out of 24 KPIs 23 were actively monitored – KPI13 was excluded from 2025 exercise.

<sup>(43)</sup> We compare 2025 DG ENEST KPIs results to 2024 DG NEAR KPIs results since it is not possible to recalculate 2024 KPIs for DG ENEST at the level of Directorate-General. It is only possible at the level of Delegations what we present in the table with results at Delegation level.

<sup>(44)</sup> Explanation of the table: the arrows indicate the trend compared to the previous reporting period in terms of improvement (upwards) or deterioration (downwards). Missing arrow means that the KPI was being assessed for the first time in given year.

K08	Timely Decommittments	62.31% ▼	At least 85%	92.58% ▲
K09	Reduction of Old RAL	29.84% ▼	At least 35%	36.83% ▲
K10	The percentage of ongoing primary interventions with a red traffic light for current performance	45.69% ▼	Not more than 30%	2.98% ▼
K11	The percentage of ongoing primary interventions with a red traffic light for future performance	5.24% ▼	Not more than 25%	3.21% ▲
K12	The percentage of completed primary interventions with a green traffic light for final performance	75.47% ▼	At least 50%	93.24% ▲
K13	Reduction of the backlog for the expired recovery orders awaiting an action from the AO	-	At least 40%	81.82% ▲
<b>B – Effectiveness of internal controls</b>				
K14	ICF - Risk Assessment	97.50% ▲	At least 80%	95.91% ▲
K15	ICF - Control Environment	96.67% ▲	At least 80%	95.82% ▲
K16	ICF - Control Activities	96.67% ▲	At least 80%	96.06% ▲
K17	Prevention of ineligible expenditure by ex ante controls	1.94% ▲	At least 2%	1.13% ▼
K18	ICF - Information and Communication	98.33% ▲	At least 80%	97.27% ▲
K19	ICF - Monitoring Activities	99.17% ▲	At least 80%	95.45% ▼
<b>C – Effectiveness of audit systems</b>				
K20	Timely contractualization of audit plan: year N	84.73% ▲	At least 70%	81.35% ▼
K21	Timely implementation of audit plan: years N-1 and N-2	85.25% ▲	At least 60%	76.84% ▼
K22	Reduction of old unclosed audits	50.94% ▲	At least 50%	47.62% ▼
K23	Timely completion of audit follow-up	27.12% ▼	At least 50%	65.14% ▲
K24	Effectiveness of identification of ineligible expenditure by audits	2.11% ▼	At least 2%	2.30% ▲

#### A - Sound financial management and effective use of EC resources

6 out of 12 KPIs have met their benchmarks.

Several KPIs have demonstrated strong performance in 2025. **KPI 1** (Accuracy of forecast for global commitments) achieved 100.00%, meeting the target range of 90%-110%, maintaining consistent forecast accuracy. **KPI 2** (Accuracy of forecast for payments) also achieved 100.00%, meeting the target range of 90%-110%, demonstrating sustained precision in payment forecasting. **KPI 3** (Global Commitment Absorption) achieved 92.44%, exceeding the benchmark of at least 80%, though showing a slight decline from 103.97% in 2024. **KPI 4** (Time to Grant) achieved 36.40 days, meeting the target of no more than 90 days, representing a significant improvement from 46.05 days in 2024, demonstrating enhanced efficiency in grant processing.

Furthermore, **KPI 11** (The percentage of ongoing primary interventions with a red traffic light for future performance) achieved 5.24%, meeting the benchmark of no more than 25%, showing a slight increase from 3.21% in 2024 but remaining well within acceptable limits. **KPI**

**12** (The percentage of completed primary interventions with a green traffic light for final performance) achieved 75.47%, exceeding the benchmark of at least 50%, though showing a decline from 93.24% in 2024. These results demonstrate that DG ENEST maintains robust capabilities in financial forecasting, commitment absorption, and grant processing, while facing operational challenges in invoice processing and financial transaction timeliness.

In comparison to last year, operational challenges emerged in 2025. **KPI 5** (Timely registration of invoices) has declined to 47.65% from 96.10% in 2024, falling below the target of at least 90%. **KPI 6** (Timely payments) has decreased to 76.67% from 94.80% in 2024, remaining below the benchmark of at least 90%. **KPI 7** (Timely Invoice Pre-Financing Clearing) has declined to 74.80% from 94.51% in 2024, falling below the target of at least 85%.

**KPI 8** measures the capacity of DG ENEST to timely decommit unused funds. It looks at the number of expired contracts during the year with open amount and calculates how many of these contracts were decommitted during the year. In 2025, DG ENEST fell short of the benchmark of at least 85%, decommitting only 62.31% of unused funds, which is a decline from the 92.58% achieved in 2024.

Old RAL is defined as the open amount of level 1 and level 2 commitment positions that are more than 5 years old. **KPI 9** measures the reduction of old RAL by comparing the open amount of these positions at the beginning of the reporting period to their open amount at the end of the reporting period. At the end of 2025, DG ENEST did not achieve the goal of at least 35% reduction in old RAL, achieving only 29.84% since the beginning of the year, a decline from the 36.83% result achieved in 2024.

Additionally, **KPI 10** (The percentage of ongoing primary interventions with a red traffic light for current performance) has worsened, with a result of 45.69%, an increase from 2.98% in 2024, exceeding the target threshold of no more than 30%. The reason for this situation is a flaw in the existing methodology of KPI 10 calculation, which equates a lack of available logframe <sup>(45)</sup> data to an indication of ineffective performance. This issue will be addressed for the next EAMR exercise.

## B – Effectiveness of internal controls

5 out of 6 KPIs have met their benchmarks.

Most KPIs in this pillar have demonstrated strong performance. **KPI14** (Risk Assessment) achieved 97.50%, **KPI15** (Control Environment) achieved 96.67%, **KPI16** (Control Activities) achieved 96.67%, **KPI18** (Information and Communication) achieved 98.33%, and **KPI19** (Monitoring Activities) achieved 99.17%, all exceeding their benchmarks of at least 80%. These results reflect the robustness and effectiveness of DG ENEST's internal control framework.

Only **KPI17** (Prevention of ineligible expenditure by ex ante controls) did not meet its benchmark. Its result of 1.94% is below the target of at least 2%. However, this KPI has improved from 1.13% in 2024, demonstrating progress in the control environment. Regarding the result achieved for this KPI, a significant part of DG ENEST payments relates to methods of implementation, such as Indirect Management with Beneficiary Countries and with Entrusted Entities or Budget Support, where ineligible costs are rarely found by ex ante controls. For

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<sup>(45)</sup> Logframe - Logical framework, is a matrix in which the intervention logic (overall objective, purpose, expected results and activities), assumptions, objectively verifiable indicators and sources of verification are presented. It is a concept included in the OPSYS operational IT system.

example, for Budget Support operations, payments can be temporarily suspended until the conditions are met, and no ineligible cost is encoded. Furthermore, contractors and other partners are regularly and carefully guided in the financial management of contracts and preparation of financial reports and are informed about best control practices. This results in better quality reports and implementation that reduces the potentially ineligible costs to be identified by ex ante controls. Therefore, identifying less than 2% of ineligible expenditure does not reflect any issues in the effectiveness of the internal control systems. Moreover, this KPI depends as well on the contract portfolio composition as some contracts have a very low possibility of identifying a high value of ineligible amounts.

C – Effectiveness of audit systems

4 out of 5 KPIs have met their benchmarks.

**KPI22** (Reduction of old unclosed audits) has met the benchmark of at least 50% with a value of 50.94% in 2025, improving from 47.62% in 2024. This improvement reflects the significant efforts made by financial units and sections to process audit closures, preceded by recovery actions when needed. The successful achievement of this KPI demonstrates enhanced effectiveness in managing and closing old audit records.

The other three KPIs in this pillar have also demonstrated strong performance. **KPI20** (Timely contractualization of audit plan) achieved 84.73%, **KPI21** (Timely implementation of audit plan) achieved 85.25%, and **KPI24** (Effectiveness of identification of ineligible expenditure by audits) achieved 2.11%, all exceeding their respective benchmarks of at least 70%, at least 60%, and at least 2%.

However, **KPI23** (Timely completion of audit follow-up) has declined to 27.12% in 2025 from 65.14% in 2024, falling below the benchmark of at least 50%. This decrease indicates challenges in the timely completion of audit follow-up activities. The decline may be attributed to various factors such as contradictory procedures still ongoing, delays in audit execution, high workload on more urgent priorities, and technical issues in IT systems.

**Results at Delegation level**

% of green KPIs	2022		2023		2024		2025	
	# of EUD	%	# of EUD	%	# of EUD	%	# of EUD	%
Total Delegations	22		22		22		12	
80% and more	13	59% ▲	21	95% ▲	20	91% ▼	1	8% ▼
60% and more	21	95% ▲	22	100% ▲	22	100% =	11	92% ▼
Less than 60%	1	4% ▲	0	0% ▲	0	0% =	1	8% ▼

Overall Green KPI Result	2022	2023	2024	2025
Albania	89%	100%	95%	68%
Armenia	75%	90%	89%	79%
Azerbaijan	85%	84%	94%	65%
Bosnia & Herzegovina	81%	100%	95%	79%
European Union Office in Kosovo	79%	95%	80%	61%
Georgia	85%	100%	95%	72%
Moldova	82%	100%	89%	78%
Montenegro	89%	95%	95%	80%
Republic of North Macedonia	89%	100%	100%	65%
Serbia RS	75%	86%	95%	65%
Türkiye	82%	90%	70%	58%
Ukraine	67%	90%	95%	68%

The 2024 DG NEAR KPIs values have been recalculated only for the current 12 DG ENEST Delegations and are compared with 2025 DG ENEST KPIs results in the table below:

KPI Name		KPI result 2025	Annual Target/Benchmark	KPI result 2024
<b>A - Sound financial management and efficient use of EC resources</b>				
K01	Accuracy of forecast for global commitments	100.00% <sup>(46)</sup>	Between 90% and 110%	101.88%
K02	Accuracy of forecast for payments	100.00%	Between 90% and 110%	100.33%
K03	Global Commitment Absorption	94.79%	At least 80%	119.43%
K04	Time to Grant	36.86	Not more than 90 days	50.12
K05	Timely registration of invoices	41.82%	At least 90%	97.04%
K06	Timely payments	78.84%	At least 90%	96.41%
K07	Timely Invoice Pre-Financing Clearing	77.45%	At least 85%	95.74%
K08	Timely Decommitments	72.34%	At least 85%	95.08%
K09	Reduction of Old RAL	40.87%	At least 35%	37.04%
K10	The percentage of ongoing primary interventions with a red traffic light for current performance	43.85%	Not more than 30%	2.02%

<sup>(46)</sup> KPI1, KPI17 and KPI24 are not benchmarked at Delegations/HQ Units level therefore they are marked grey.

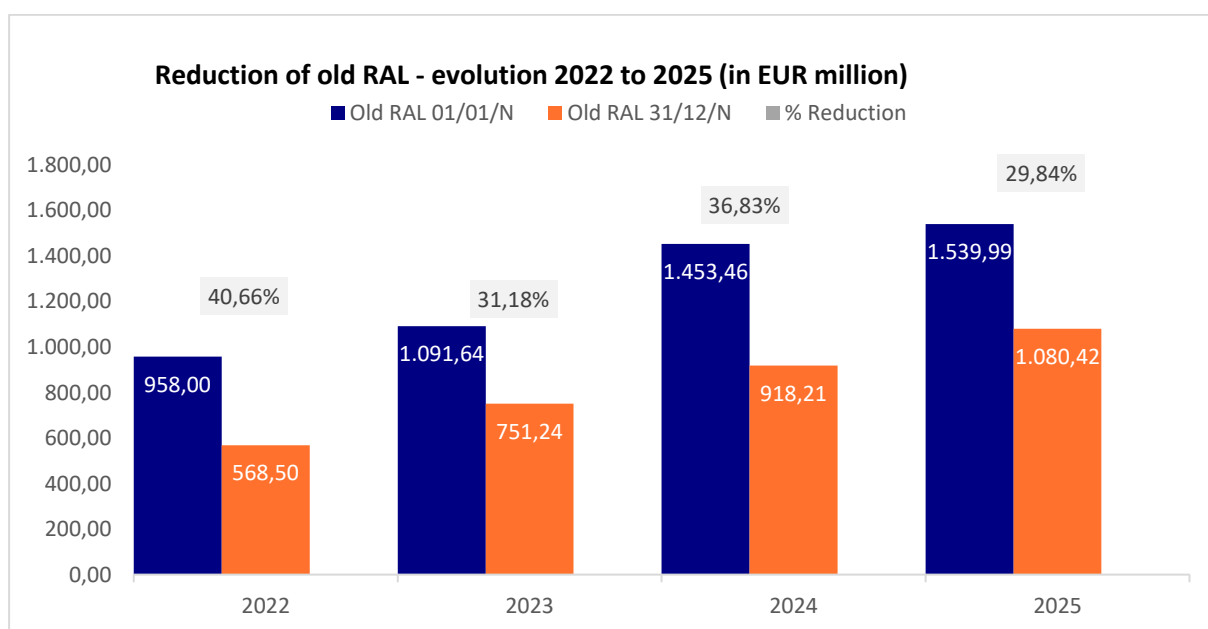
K11	The percentage of ongoing primary interventions with a red traffic light for future performance	5.14%	Not more than 25%	2.50%
K12	The percentage of completed primary interventions with a green traffic light for final performance	71.91%	At least 50%	94.44%
K13	Reduction of the backlog for the expired recovery orders awaiting an action from the AO	-	At least 40%	90.00%
<b>B – Effectiveness of internal controls</b>				
K14	ICF - Risk Assessment	97.50%	At least 80%	97.92%
K15	ICF - Control Environment	96.67%	At least 80%	98.00%
K16	ICF - Control Activities	96.67%	At least 80%	98.33%
K17	Prevention of ineligible expenditure by ex ante controls	3.34%	At least 2%	2.96%
K18	ICF - Information and Communication	98.33%	At least 80%	98.33%
K19	ICF - Monitoring Activities	99.17%	At least 80%	98.33%
<b>C – Effectiveness of audit systems</b>				
K20	Timely contractualization of audit plan: year N	88.39%	At least 70%	74.55%
K21	Timely implementation of audit plan: years N-1 and N-2	87.62%	At least 60%	77.38%
K22	Reduction of old unclosed audits	51.16%	At least 50%	56.52%
K23	Timely completion of audit follow-up	28.57%	At least 50%	66.67%
K24	Effectiveness of identification of ineligible expenditure by audits	2.25%	At least 2%	3.87%

## Results at KPI level

- **KPI 1** - Accuracy of forecast for global commitments met the target range of 90%-110%. In 2025, DG ENEST achieved 100% of its annual financial forecast for global commitments, maintaining accuracy in budget forecasting.
- **KPI 2** - Accuracy of forecast for payments met the target range of 90%-110%. In 2025, DG ENEST achieved 100% of its financial forecasts for payments, compared to 100.2% in 2024, demonstrating consistent forecast accuracy.
- **KPI 3** - Global Commitment Absorption: DG ENEST managed to absorb 92.44% of the Commitments that expire during the year, meeting the KPI benchmark of at least 80%, though showing a slight decline from 103.97% in 2024.
- **KPI 4** - Time to Grant met the target benchmark of no more than 90 days. In 2025, DG ENEST signed grant agreements or notified grant decisions within 36.40 days, which is an improvement compared to 46.05 days in 2024.
- **KPI 5** - Timely registration of invoices (i.e. within 21 calendar days of the reception date.) - DG ENEST experienced a decline in 2025, achieving only 47.65%, hence falling below the

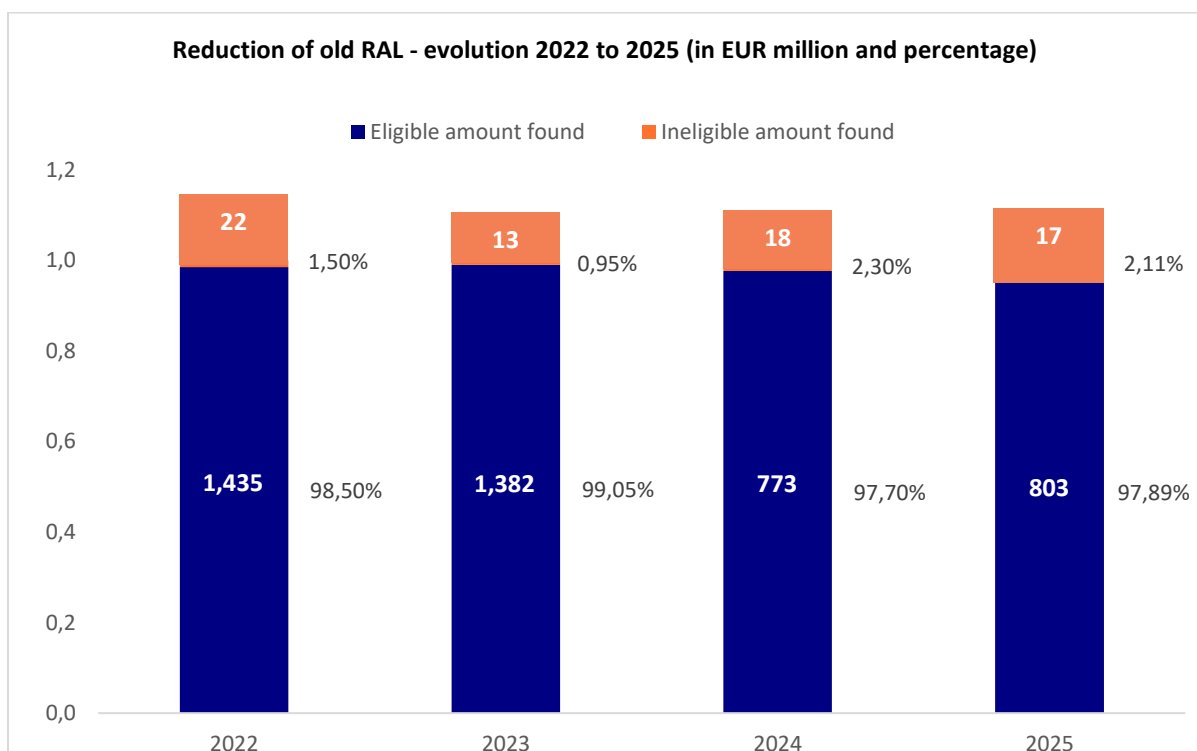
benchmark of at least 90%. This represents a decrease compared to 96.10% in 2024, indicating operational challenges in invoice processing.

- **KPI 6** - Timely payments - DG ENEST managed to reach 76.67% of payments paid within the contractual deadline, which falls below the benchmark of at least 90%. This KPI has decreased compared to 2024 (94.80%), representing a deterioration in payment timeliness.
- **KPI 7** – Timely Invoice Pre-financing Clearing: 74.80% of the total number of invoices of pre-financing was timely cleared, falling below the benchmark of at least 85%, compared to 94.51% in 2024.
- **KPI 8** – Timely Decommittments: 62.31% of the unused funds were timely decommitted, which falls below the target of at least 85%, representing a decline from 92.58% in 2024.
- **KPI 9** – Reduction of old RAL: DG ENEST did not reach the benchmark with a KPI value of 29.84%, falling short of the target of at least 35%. This represents a decline from 36.83% achieved in 2024, indicating challenges in clearing old residual appropriations.



- **KPI 10** - The percentage of ongoing primary interventions with a red traffic light for current performance. The KPI has failed to meet its benchmark of no more than 30% of primary interventions with red traffic light with 2025 result of 45.69%, representing a deterioration from 2.98% in 2024.
- **KPI 11** - The percentage of ongoing primary interventions with a red traffic light for future performance. The KPI has met its benchmark of no more than 25% of primary interventions with red traffic light with 2025 result of 5.24%, showing a slight increase from 3.21% in 2024 but remaining within acceptable limits.
- **KPI 12** - The percentage of completed primary interventions with a green traffic light for final performance. The KPI has met its benchmark of at least 50% of completed primary interventions with a green traffic light with 2025 result of 75.47%, though showing a decline from 93.24% in 2024.

- **KPI 13** - Due to important technical difficulties encountered in adapting KPI 13 “Reduction of the backlog of expired recovery orders” to SUMMA, it was decided to “suspend” it for the 2025 reporting exercise.
- **KPI 14 to 19** - Effectiveness of Internal Control Systems. All KPIs related to the Effectiveness of Internal Control Systems have been met by DG ENEST in 2025. **KPI 14** (Risk Assessment) achieved 97.50%, **KPI 15** (Control Environment) achieved 96.67%, **KPI 16** (Control Activities) achieved 96.67%, **KPI 18** (Information and communication) achieved 98.33%, and **KPI 19** (Monitoring activities) achieved 99.17%, all well above the benchmark of at least 80%.
- **KPI 17** - Prevention of ineligible expenditure by ex ante controls. The undue payments prevented by ex ante controls as a percentage of the total invoiced amount is equal to 1.94%, which is slightly below the benchmark of at least 2% but shows improvement from 1.13% in 2024.
- **KPI 20 to 24** - Effectiveness of the Audit System: **KPI 20** (Timely contracting of audit plan) achieved 84.73%, meeting its target of at least 70%. **KPI 21** (Timely implementation of audit plan) achieved 85.25%, exceeding its target of at least 60%. **KPI 22** (Reduction of old unclosed audits) achieved 50.94%, meeting its target of at least 50%. However, **KPI 23** (Timely completion of audit follow-up) has declined to 27.12%, falling below the benchmark of at least 50%, compared to 65.14% in 2024. **KPI 24** (Ineligible amounts identified by audits as % of the audited amount) achieved 2.11%, slightly above the benchmark of at least 2%, showing a slight decrease from 2.30% in 2024.



Overall, the DG ENEST results on the various KPIs demonstrate a mixed performance picture with operational challenges emerging in 2025, despite maintaining robust internal controls and audit systems.

# ANNEX 8: Reporting on the internal and external audits and assessing the effectiveness of internal control systems

The annual assessment of effectiveness of the internal control systems has been carried out based on the following sources.

## 1. Self-assessment by the DG

### Review of the selected internal control monitoring criteria (ICMC)

The selection of 41 ICMC identified to monitor the effectiveness of the internal control system of the DG has been revised in the second semester of 2025. The criteria are consistent with the indicators in terms of sound financial management and fraud risk management in the Annual Management Plan (AMP).

The review of the current status of the criteria did not lead to the identification of any new **control deficiencies**. Some (potential) concerns were noted in the following areas:

In three cases, the targets were not fully achieved but they do not represent control deficiencies:

- The percentage of staff positively assessing the effectiveness of Principles linked to Control Activities as well as Information and Communication Components in the 2025 Internal Control Survey were both slightly under the target value.
- Two indicators relating to the implementation of the 2025 Supervision Missions plan as well as the implementation of the action plans to address recommendations of supervision missions were under target. The reorganisation of the DG and split with DG MENA may have contributed to the delays in implementation of both criteria. As a result of IAS recommendations on the topic, monitoring arrangements were further strengthened including tracking tables that support management oversight and enhance traceability of implementation steps.
- One indicator related to Time to Pay (K06) was also under target due to the launch of the SUMMA accounting system in 2025. The risk was identified and an action plan was adopted and is closely monitored.

### Overall results achieved in terms of KPIs

**Results at DG level.** The results achieved by the other 12 Key Performance Indicators adopted by DG ENEST and not included as ICMC did not lead to the identification of any control deficiency, as also confirmed by the analysis of the EAMR annual reports prepared by each Delegation and Directorate.

**Results at Delegation level.** The results achieved at Delegation level have been strongly affected by implementation of SUMMA accounting IT system and split of DG NEAR to DG ENEST and DG MENA. See Annex 7 for further details.

% of green KPIs	2022		2023		2024		2025	
	# of EUD	%	# of EUD	%	# of EUD	%	# of EUD	%
Total Delegations	22		22		22		12	
80% and more	13	59% ▲	21	95% ▲	20	91% ▼	1	8% ▼
60% and more	21	95% ▲	22	100% ▲	22	100% =	11	92% ▼
Less than 60%	1	4% ▲	0	0% ▲	0	0% =	1	8% ▼

**EAMR/ AOSD Reports of EU Delegations and HQ Directorates**

The accountability and reporting chain in DG ENEST are organised as a pyramid, through which the statements of assurance signed by each Head of Delegation set the basis for the assurance provided by the other sub-delegated Authorising Officers at the upper levels of the pyramid. All Authorising Officers by sub-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for the 24 KPIs.

All annual reports prepared by the EU Delegations and by HQ Directorates have been analysed. Overall, one reservation has been maintained in relation to the difficulties in monitoring adequately all projects in Ukraine. The implementation of EU assistance in Ukraine takes place under the challenging conditions of the ongoing war of aggression and massive destructions in the energy sector. In its EAMR, the Delegation reports the ongoing constraints for on-site monitoring and project visits, as well as difficulties in retaining professional staff due to mobilisation, persistent extreme stress during night air raids and occasional strong limitations in the electricity supply.

These challenges led to keeping the related reservation in the AAR.

**DG ENEST Internal Control Survey**

The latest DG ENEST internal control staff survey was launched on 27 November 2025 and kept open until 21 December 2025. In total, 316 DG ENEST staff members participated, both from Headquarters and from Delegations (participation rate of 26%). The goal of the survey was to assess the effectiveness of the current internal control system and to identify potential areas for improvement, based on participants' experiences.

Overall, the survey results showed that participants take a rather positive stance towards the internal control framework, with 47% of colleagues having attended Internal Control training sessions over the past 2 years. Nevertheless, areas for improvement have emerged under the Internal Control Component 3 (Control activities) and the Internal Control Component 4 (Information and communication).

These components had the lowest positive rate among the participants (Control activities Component with 68% and Information and communication Component with 60%- below the target of 70%). In particular:

- For the Control Activities Component, over 65% of respondents indicated that they are adequately informed about the progress and achievements of the organisational units to which they belong. A similar proportion confirmed that sensitive and confidential documents are handled appropriately within their respective structures.
- For the Information and Communication Component, a significant proportion of respondents, respectively 79%, declared that they have access to all the information needed to perform their duties (e.g. procedures, manuals, guidance, IT tools, support from colleagues).

It also emerged that relevant information on internal control is not consistently communicated to contractors, entrusted entities and other implementing partners. Responses were evenly split between those who consider that such information is adequately shared and those who were unable to provide an opinion. Furthermore, slightly less than half of the respondents were unable to recall any awareness campaigns conducted in the past two years.

### Commission Staff Survey

The 2025 Commission Staff Survey confirms a stable and engaged organisation in DG ENEST, with a response rate of 59% (53% in 2023), ensuring a reliable evidence base for management follow-up. The newly introduced Staff Engagement Index stands at 78%, close to the institutional average of 79%, confirming high levels of staff commitment, purpose and motivation.

Overall results show a broadly positive trend compared to 2023, with the majority of indicators improving and a significant number scoring above 70%. Key strengths include: Teamwork and collegiality: 88%, Role clarity: 81%, Working arrangements: 74% Pride in contributing to the mission: 83%

Staff report strong interpersonal dynamics, clarity of responsibilities and high willingness to contribute beyond formal requirements. The overall perception of the organisation stands at 72%, reflecting improved institutional attractiveness and alignment with core values such as service to citizens and collaboration.

At the same time, structural sustainability challenges remain visible. The overall work environment score is 61%, with wellbeing and work–life balance at 48%, indicating continued workload pressure. Trust-related indicators in working methods stand at 54%, showing progress but requiring sustained management attention.

The results suggest that DG ENEST does not face an engagement deficit, but rather differentiated pressure linked to workload sustainability and leadership visibility in high-intensity environments.

### Risk assessment

DG ENEST updated its risk register during the year. The procedure in place requires presentation and adoption of the risk register during a Senior Management Meeting.

- All risks were closely monitored, and no significant issues have materialised, also due to the implementation of the mitigating actions included in the action plan. The risk

assessment, covering all DG objectives, did not identify critical risks. However, during the review of the DG ENEST Risk register in April 2025, a new risk was identified, related to potential delays in the implementation of financial assistance due to the complexity of integration of a new corporate financial IT tool (SUMMA). Some risks have materialised, with a negative impact on KPIs (as reported in the above analysis of KPIs).

- **Eight previously identified risks** remained **significant**.

The *two risks related to the impact of war on Ukraine* <sup>(47)</sup> (linked to a reservation and potentially affecting ICP 12 - “The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action”) keep a very high residual risk level. However, in line with the results of last years’ peer reviews performed by the central services, they are considered covered by the cross-cutting critical risk on the ‘uncertainty in the geopolitical landscape’ encoded at corporate level by the SG.

In conclusion, no significant issues have been flagged in the implementation of the action plans. The DG risk register, including the action plans, will be reviewed and followed up in 2026.

## 2. Exceptions, non-compliance events and confirmations of instruction

In 2025, a total of 49 non-compliance (NCE) and exception (EXC) events were approved, of which 35 were registered in CRIS and 14 under the Administrative budget. No confirmation of instructions was notified.

The analysis of these events did not reveal any major or systemic weaknesses. They appear to be isolated errors and do not point to any pattern or specific internal control deficiencies requiring targeted corrective actions.

Four non-compliance events were linked to discrepancies that resulted in legal commitments being made prior to budgetary approval, meaning that financial resources were not fully available at the time of award. Two exceptions were related to EU measures against Kosovo, and four exceptions concerned the Ukraine Facility.

Six non-compliance events stemmed from encoding and human errors in SUMMA, which is understandable given that the system was rolled out in 2025. The risk was identified and mitigating measures were taken. Delays and events outside the control of DG ENEST, such as a last-minute change of location, led to one non-compliance event and two exceptions.

With regard to administrative expenditure, eight non-compliance events involved reimbursement requests for representation costs without prior approval, and two concerned travel expense reimbursements without prior approval.

It is also noteworthy that 14 cases involved the use of Special Conditions waiving or modifying one or several provisions of the General Conditions. Some of these were linked to efforts to reduce the number of contracts and lighten the administrative burden. Despite their distinct nature and accompanying justifications, such deviations may introduce risks during

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<sup>(47)</sup> Impact of war on Ukraine and energy, food and other crises on partner countries; Impact of war on Ukraine on resources (budgetary and staff), legality and regularity and assurance.

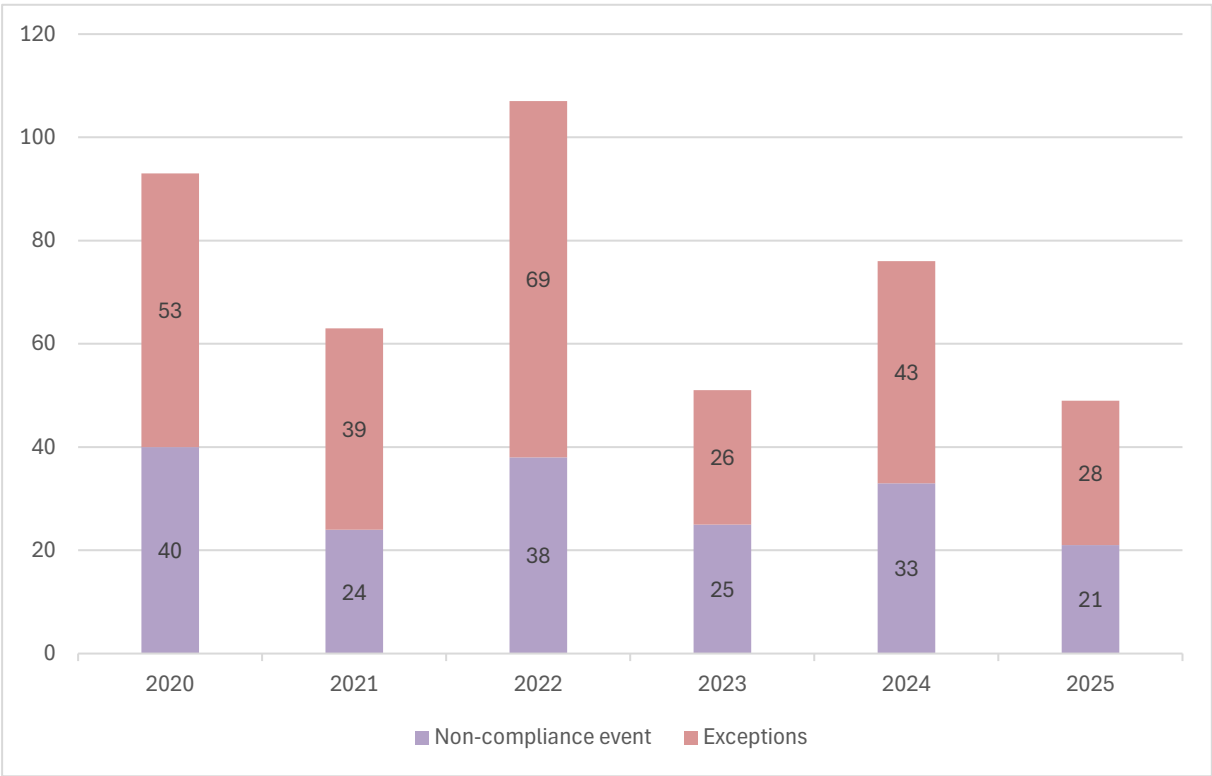
implementation and potentially challenge the existing control system. AOSDs will therefore maintain vigilant oversight and endeavour to minimise their occurrence.

The table below presents the distribution in terms of Domain.

**EXC and NCE 2025 – Domain**

Domain	EXC	NCE	TOT	
NDICI <sup>(48)</sup>		2	1	3
IPA		5	6	11
IPA III		13	4	17
UKRAINE FACILITY		4	0	4
Admin		4	10	14
<b>Total</b>	<b>28</b>	<b>21</b>	<b>49</b>	

**Trends in closed EXC and NCE 2020 – 2025 <sup>(49)</sup>**



<sup>(48)</sup> Including NDICI Geographic, Thematic and EFSD.

<sup>(49)</sup> ADMIN cases previously unaccounted for as they were not logged within the established system were included in the total count for the years 2020-2022.

### 3. Ongoing monitoring of the implementation of control and anti-fraud strategies

#### ROM (Results Oriented Monitoring) and Evaluations

There are no major issues to flag regarding ROM implementation in 2025 and no systematic weaknesses in internal control have been identified.

Following the split of DG NEAR and the conclusion of the ROM Neighbourhood Contract, a new ROM contract has been signed exclusively for the Eastern Neighbourhood (while DG MENA signed one for the Southern Neighbourhood). The new contract, coming into force on 05.01.2026, is now fully operational, and first ROM interventions under it are expected to take place already in February.

In addition, ROM Coordination requested two studies on horizontal ROM insights, one from the QA ROM contract, analysing recommendations made by the Quality Assurance team, and one from Particip, summarising their observations from 4 years of implementing the ROM Neighbourhood contract. These are being used in designing further improvements to the ROM system and will be shared with OMs and FPs in the course of 2026.

Several ROM OPSYS improvements were implemented and designed: ROM Legacy has been finalised, the search function improved, and three key developments planned: the introduction of a notifications system, the introduction of the possibility of encoding multi-action ROMs in OPSYS, and making Lessons Learnt a feature within the OPSYS ecosystem.

At the same time, recurring issues in intervention logic and indicators impact the effectiveness of programming, design, and implementation. Common problems include a lack of coherence between outputs and outcomes, unrealistic targets, and poor-quality indicators in the Logical Framework Matrix (LFM), which hinder accurate progress reporting and OPSYS encoding.

To help mitigate risks and support more effective decision-making, DG ENEST continuously focuses on strengthening its support to HQs operational Units and EUDs/Office on performance measurement related matters, from design to internal monitoring, reporting and evaluation.

DG NEAR defined in 2024 a new strategic approach to evaluation, endorsed by senior management in September 2024. This led to the cancellation of the 2024-2028 Multiannual Strategic Evaluation Plan and its replacement by a new Evaluation multiannual Plan covering 2025-2027

#### RER Study

In 2023, DG NEAR suspended the RER ex post controls for 110 contracts (overall contract value EUR 810.5 million) implemented in Ukraine, Russia and Belarus, due to the political situation following the Russian unprovoked and unjustified invasion of Ukraine and the subsequent impossibility to communicate with and obtain cooperation from the national authorities and the majority of beneficiaries in these countries. The 52 contracts implemented in Ukraine represented 95% of the value of the contracts temporarily excluded (EUR 771 million). **The suspended contracts implemented in Ukraine were already included in the RER**

**population of the 2024 Study.** The ex post controls on contracts related to Russia and Belarus remain suspended, and will be re-introduced in the RER population once the political situation allows DG ENEST to resume the ex post controls, provided that they meet the conditions set out in the RER methodology and manual.

The residual error rates (RER) calculated for specific segments (the DG main rate, the specific rate for Indirect Management with IPA Beneficiary Countries – IMBC - and the direct management grants are below the materiality threshold of 2%. The derived DG ENEST global error rate, that combines the main and the IMBC rate is also below 2%, which is reassuring about the effectiveness of DG ENEST control systems in place. This is the result of the dedicated efforts from the previous years in addressing the main sources of errors and to avoid their repetition.

Following the end of each year's RER study, a dedicated workshop with the EU Delegations is held where the results are analysed and the lessons to learn are discussed.

The financial units at HQ and the EU Delegations directly concerned by the errors raised in the 2025 RER study need to follow up on the findings and encode recovery actions (if any) in the Audit Module. The procedure is closely monitored by unit R3 which carries out the final checks before closing the audits.

### **Indirect Management by Beneficiary Countries (IMBC) verifications**

In 2025, DG ENEST carried out audit missions to North Macedonia (3 Operational Programmes) and Türkiye (1 Annual Action Programme) with a view to entrust budget implementation tasks under the indirect management modality.

For Türkiye, a proper Management and Control Systems was found to be in place leading the auditors to issue a positive opinion for signing the respective Financing Agreement (FA).

A similar conclusion was reached for North Macedonia, but as the legal basis was yet to be completed for one Programme in North Macedonia (OP Environment) a positive opinion followed for only two Programmes.

Follow-up audit missions were carried out to Albania and Montenegro, which revealed significant improvements compared to audit missions from 2024 (and even led to lifting the suspension measures in the FA for one Programme (OP Employment and Social Inclusion) in Montenegro).

In addition, the audit team organised a TAIEX workshop to train the Audit Authorities of the candidate countries in their work and contributed to the closure of IPA I and IPA II programmes by ensuring that all audit reports on these programmes were followed up properly.

### **Supervision missions**

In 2024, the Internal Audit Service (IAS) issued a follow-up report concerning the implementation of the recommendation related to the effective performance of supervision missions to EU Delegations (EUDs). The IAS identified delays in relation to certain deadlines set out in the Supervision Missions Manual and consequently reopened the recommendation, with a view to reassessing performance at a later stage.

In 2025, the reorganisation of DG NEAR resulted in the establishment of two separate Directorates-General: DG ENEST and DG MENA, with corresponding adjustments in geographical scope and responsibilities. In this context, the supervision mission's framework was reviewed and updated to ensure continuity, clarity of responsibilities and alignment with the new organisational structure.

The revised DG ENEST Process Manual for Supervision Missions (v4/2025) clarifies governance arrangements between Internal Control (R3), coordination (R4) and the Geographical Directorates, strengthens provisions on follow-up and monitoring, and reflects the updated geographical remit of DG ENEST. The Manual maintains a risk-based approach to supervision missions and foresees annual revision of the multiannual supervision mission plan.

Supervision missions are planned on a rolling multiannual basis and revised annually. Planning respects minimum recommended frequencies (every two to three years for Enlargement Delegations and every four years for Neighbourhood Delegations), while allowing adjustments based on risk assessment, portfolio characteristics and contextual developments.

In response to the reopening of an IAS recommendation focusing on follow-up of supervision missions, monitoring arrangements were further strengthened. Consolidated supervision mission tracking tables are maintained per Directorate, covering planning, reporting milestones, action plans, and follow-up obligations. These tables support management oversight and enhance traceability of implementation steps.

Apart from previously identified delays in relation to specific reporting deadlines, no systemic or structural weaknesses at DG level were identified in supervision mission reports concluded in recent years. The 2025 update of the Manual and the reinforced monitoring framework aim to ensure consistent and timely implementation of the supervision missions' cycle under the new organisational set-up.

## Anti-fraud strategy

The new **DG ENEST Anti-Fraud Strategy (AFS)** for the period 2025-2027 and the action plan for 2026 were adopted in December 2025 and provides a framework for addressing fraud-related aspects at the DG ENEST level, building on the previous strategy and adapting to new development in the legal and financial framework and risk environment

The implementation of the strategy is being monitored through the follow-up of **annual action plan** and reported to the Commissioner and to management at least twice a year. Until the adoption of the new strategy, the previous action plan from 2024 has been used as a reference.

The Action Plan of the DG ENEST Anti-Fraud Strategy (AFS) is followed up by the Anti-Fraud team in cooperation with Focal Points in the Directorates and in Delegation/ Offices.

The following relevant actions are being implemented:

The action plan is followed up by the Anti-Fraud team in cooperation with Focal Points in the Directorates and in Delegation/Offices. In particular, Focal Points are periodically reminded to provide the assessment of the OLAF recommendations within 3 months of their reception, as well as regular updates on the implementation to ensure follow-up. The database on OLAF cases was regularly updated, and continuous support and advice was provided to staff on OLAF and anti-fraud issues. During the year, AOSDs were requested to provide two updates on the

implementation of OLAF recommendations, specifically including progress on financial recoveries and the monitoring of recommendations with financial implications.

A new structure aimed at enhancing anti-fraud management reporting was adopted. This initiative took into account the establishment of the new DG ENEST, informed by feedback, lessons learned, and the recent Internal Audit Service audit finalised in January 2025. The new structure aims to enhance reporting clarity and simplicity. A comprehensive bi-annual report was successfully submitted to the Senior management, meeting deadlines and exceeding expectations in term of content and quality.

Awareness- raising initiatives were organised during the year, including:

1. Four training sessions on fraud detection and prevention (with OLAF, DG INTPA, DG MENA and FPI) and a presentation on anti-fraud work delivered in the Newcomers session.
2. A training session conducted by OLAF for the Delegation of Ukraine in April 2025.
3. Presentations during seminars and conferences such as the AFCOS Seminar in Tirana, Albania, and the regional online workshop on irregularities with DG ENEST and OLAF representatives.
4. Two comprehensive newsletters were sent in 2025 to Focal Points and promotional video for anti-fraud training sessions was shared to keep them informed on the latest developments;
5. Constant updates of the anti-fraud intranet page and factsheets.
6. Revision of the Anti-fraud manual.
7. An annual reminder was sent to staff on ethics and anti-fraud, as well as on compulsory attendance to anti-fraud training and/or information sessions.

DG ENEST played a proactive role in shaping and endorsing the revised **Commission Action Plan for the Anti-Fraud Strategy**. DG ENEST cooperated with OLAF and other Commission services in the preparation of the new Action Plan of the Commission Anti-Fraud strategy (CAFS) <sup>(50)</sup>. Under them 3 “Reinforce the protection of funds under indirect management and in the external relation area” there are four actions under the direct remit of DG ENEST namely actions 10, 20, 21, 22, and 23. All these actions are progressing according to the established timeline

## Sensitive functions

Following the adoption of the new Commission Guidance on Sensitive Functions, DG ENEST has performed a complete review of its approach and practices. After taking into account any possible compensating measures, only the genuinely sensitive functions are identified in the IT tool Sysper, with a consistent approach across the DG, covering Headquarters and EU Delegations. A register of sensitive posts is in place, in line with Commission guidance, all exceptions are recorded and a regular process to review and confirm the sensitive functions of DG ENEST has been defined. In this respect:

- One potential case of derogation to the planned mandatory mobility of five years were identified. However, the functions performed by jobholders significantly changed following the DG reorganisations in 2021, therefore the five years were not actually reached.
- Two cases of deviations in respect of DG ENEST internal policy on sensitive posts were

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<sup>(50)</sup> Respectively COM(2023)405 and SWD(2023)245.

identified, involving two posts that should have been flagged as sensitive.

Overall, the sensitive function policy was implemented in 96% of cases (over the target value of 95%).

### Implementation of the remedial actions for previously identified internal control deficiencies

A combination of **major** and **minor** issues affected the two principles ICP 10 and 12, resulting in two **major deficiencies** identified in the context of the 2025 annual assessment.

**ICP 10** The Commission selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

At the end of 2025, there were nine open IAS very important recommendations concerning **i) External Investment Plan – EFSD guarantee, ii) Allocation of Human Resources in EU Delegations, iii) Contractual expenditure verifications, iv) Intervention-level evaluations and v) Control results provided by partners (management declarations).**

- i) Three very important recommendations were addressed to DG INTPA, but they also affect DG ENEST internal control systems. As associated service, DG ENEST has been contributing to the implementation of some actions and monitoring the progress in their implementation. All very important recommendations have been reported to the IAS as implemented and are awaiting the IAS assessment.
- ii) One very important recommendation from the audit on Allocation of Human Resources in EU Delegations is slightly delayed.
- iii) One very important recommendation was addressed to DG INTPA, but it also affects DG ENEST's internal control systems. It has been reported to the IAS as implemented and is awaiting the IAS assessment.
- iv) Both very important recommendations addressed directly to DG ENEST have been implemented and are awaiting the IAS assessment.
- v) Two very important recommendations were formulated by IAS in December 2025, and their implementation has already started.

**ICP 12** The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action.

### Impact of the Russian unprovoked and unjustified invasion of Ukraine on the implementation of the control strategy:

Mitigating measures linked to the reservation continue to be implemented. No issues materialised in terms of legality and regularity. However, the circumstances that led to issuing the reservation in 2022 did not fundamentally change in 2025: the war continues to cause security threats and travel restrictions both for Delegation staff and external consultants. In 2025, the Delegation in Kyiv continued to work intensively on mitigating measures and on the implementation of control plans, including through the deployment of external monitoring capacity. An important development is that in 2024, the residual error rate (RER) study resumed controls on Ukraine, after two years of suspension.

At the same time, some adaptations remain necessary, such as resorting to controls in remote or hybrid modality to complement or substitute some of the field visits and on-the-spot checks.

The key corrective actions taken by the Delegation (partially relocated to Brussels) include:

- use of external monitoring capacity through service providers
- reinforced coordination with implementing partners
- monitoring of the control plans, in liaison with implementing partners and with audit and control providers - to react as quickly as possible in case of disruptions
- use of additional control measures, such as additional checks of invoices, monitoring of the banking system and checking projects' accessibility to funds, screening the names and entities against the sanction lists.

**Supervision missions:** In 2025, supervision missions were conducted in Serbia (March 2025) and Kosovo (May 2025) in accordance with the updated multiannual supervision mission plan and under the revised governance framework set out in the DG ENEST Process Manual for Supervision Missions (v4/2025).

The missions were organised following a structured five-day format, allowing for comprehensive checks, interviews, and on-the-spot verifications, as well as exchanges with Delegation management and relevant stakeholders. Final reports were issued and action plans prepared in accordance with the established procedures. Follow-up reporting for missions conducted in 2025 will take place in 2026, in line with the six- and twelve-month monitoring cycle defined in the Manual.

Planning of future missions continues to follow a risk-based approach, considering portfolio size and complexity, implementation modalities, staffing developments and contextual factors. The next supervision round for Serbia and Kosovo is indicatively foreseen for 2028, in line with minimum frequency requirements and the implementation cycle of current recommendations.

In parallel, complementary oversight measures remained in place throughout 2025, for Delegations not visited during the year:

- on programming: quality review of programming documents, policy dialogue and adaptation of programmes to evolving country circumstances;
- on performance: regular follow-up of KPI dashboards, systematic monitoring of programme implementation, enhanced monitoring of large commitments and portfolio reviews;
- in general: regular videoconferences with EU Delegations, bilateral exchanges between Headquarters and Delegations, dissemination of guidance notes and instructions, and support through helpdesk functions.

The implementation of supervision missions in 2025 confirms the operationalisation of the revised governance framework and contributes to addressing the reopened IAS recommendation through strengthened planning, monitoring, and follow-up arrangements.

## 4. Audit conclusions, findings and recommendations European Court of Auditors (ECA)

### Statement of Assurance – DAS 2024 (Discharge)

For the first time, in 2024 the European Court of Auditors estimated an error rate for the ‘Global Europe’ chapter. This change in their approach required a much bigger sample of transactions, almost three times the size of the sample of previous years.

In its **annual report on the implementation of the EU budget** for the financial year 2024 (published in 2025), the ECA addressed three recommendations to the DGs implementing the EU funds under the Chapter *Neighbourhood and the World*; two recommendations were accepted and one was rejected (n. 1).

**Recommendation n. 1** - Ensure beneficiaries comply with contractual limits on costs of indirect nature DG ENEST and the other services have rejected this recommendation as they always maintained the position that, in indirect management with pillar assessed entities, indirect costs claimed by grant beneficiaries are to be counted as direct costs of the pillar assessed organisation/partner This interpretation is applied to all Commission services

**Recommendation n. 2** - Ensure clear and consistent definitions of ‘provision’ in contract conditions and guidelines

DG ENEST and the other services have accepted this recommendation, therefore, the relevant guidance will be provided to further explain the term “provision”.

**Recommendation n. 3** - Simplify and standardise currency conversion rules in grant agreements.

DG ENEST and the other services have accepted this recommendation. The Commission has started to address this through a provision included in the corporate Model Grant Agreement, which will be used also for projects in external relations. This new provision is consistent with the provision in the grant agreement templates which are used in other funding programmes.

### Audit reliability of accounts

The ECA audit on the **reliability of accounts** for the financial year 2025 was still ongoing at the time of the reporting.

### Performance reports closed in 2025 and follow up of closed audits

No new Special reports covering DG ENEST policies (performance audits) were issued in 2025.

Reporting on the implementation of recommendations stemming from **closed ECA performance audits** continued in 2025. In particular:

- **Reducing grand corruption in Ukraine (SR n° 23/2021)**: in 2025, ECA concluded that all the recommendations stemming from the audit have been implemented by DG ENEST, except sub-recommendations 1b and 7b (implemented in some respects). While the full implementation is not feasible due to Russia’s war of aggression against Ukraine, in the framework of the EU accession process of Ukraine the country is

implementing robust mechanisms to fight grand corruption, hence the shortcomings identified by ECA are being addressed, although in a different way.

- **EU support for the rule of law in the Western Balkans (SR n° 01/2022)**: in January 2024, DG NEAR reported as implemented all the actions addressing the ECA recommendations stemming from this Special report. In 2025, ECA started the follow-up of the recommendations addressed by ECA to DG ENEST. The results of the follow-up will be known in 2026.
- **Facility for Refugees in Turkey (SR n° 6/2024)**: by the end of 2025, two recommendations stemming from the Special Report were reported as fully implemented by DG ENEST. The implementation of the other two recommendations is ongoing as per action plan. The follow-up audit by ECA is expected in 2026.

Finally, DG ENEST is in the lead for **two new performance audits**:

- **Western Balkans Investment Framework (WBIF)**: this audit focuses on how the EU support to transport/energy infrastructure in Western Balkans has been implemented. The publication of Special report is planned by mid-2026.
- **EU Support to Moldova and Georgia**: this audit focuses on the support provided through the Eastern Partnership to governance and economic development in Moldova and Georgia. The auditors started their preparatory work in 2025. The publication of the Special report is planned in the first quarter of 2027.

## Internal Audit Service (IAS)

Between 1 February 2025 and 31 December 2025, the IAS issued one audit report:

1. **Limited review on control results provided by partners (management declarations)** (final audit report issued on 19/12/2025; the action plan submitted to the IAS on 23/01/2026 was approved by IAS on 9/02/2026).

The final report concluded that the system designed and implemented by DG ENEST to ensure that the management declarations contribute to the assurance on the effective implementation of EU funds under IMEE, the accuracy of financial reporting and its compliance with the Financial Regulation is adequate. However, the auditors identified some weaknesses related to some aspects of the design of the control framework for management declarations, and the effectiveness and efficiency of management declarations as a control measure. As a result, the auditors formulated two very important recommendations. The action plan was adopted with a view to improve DG ENEST procedures and checklists to ensure that correct management declarations are submitted by the entities on time and that correct and complete checks on management declarations are performed by DG ENEST.

After the preliminary survey for the audit on IPA III programming, the IAS decided to transform this audit in a consultancy (ad hoc support). A closing note with auditors' conclusions and suggestions was issued on 05/05/2025.

The audit on control over aid to countries in war, launched in 2024, was also modified by the IAS: the title and scope refocused on the countries covered by a crisis declaration and addressed the countries under DG MENA responsibility. The closing note for DG ENEST was issued on 24/04/2025.

## Follow-up on IAS critical and very important recommendations from previous years' audits

In 2025 the IAS did not follow up any critical or very important recommendation addressed to DG ENEST (no critical recommendations have been addressed to DG ENEST).

### Very important open recommendations

There are nine very important open IAS **recommendations**, of which five are addressed to DG ENEST as a lead DG, and four where DG ENEST is a contributor. Out of five recommendations that the IAS addressed solely to DG ENEST:

- two are considered implemented by DG ENEST, but not yet reviewed by the IAS;
- one is under implementation (slightly delayed as it was due on 31/12/2025);
- two new ones, for which the action plan has been approved by the IAS in February 2026.

The two very important recommendations, which are considered implemented by DG ENEST, but not yet reviewed by IAS originate from the audit on intervention-level evaluations. The first one concerns monitoring, overview and reporting at Headquarters' level. To achieve this DG ENEST has put in place:

- robust monitoring of the evaluation processes in line with roles and responsibilities stipulated in the revision of the guidance;
- strengthened collaboration with the network of monitoring and evaluation focal points;
- workstream preparing the availability of features in OPSYS that will enable the different purposes (programming, studies etc.);
- systematic publication of evaluation results.

The second recommendation concerns the implementation of the evaluation process. To implement it, DG ENEST updated its Evaluation Guidelines, prepared several 'How to Guides' and checklists (including quality assurance checklist/ criteria), held some webinars on evaluation methodology covering the requirements for the dissemination of results and preparation of follow up action plans. The yearly exercise to prepare the Operational Evaluations Plan followed an updated guidance focusing on the how and what to plan, when and what to evaluate to respond to accountability, transparency and learning obligations. DG ENEST also updated the guidance for the preparation of terms of reference and introduced a new quality assurance model.

One very important recommendation is under implementation, although slightly delayed (initially due by 31/12/2025, new date 30/06/2026). It stems from the audit on Allocation of Human Resources in EU Delegations. To implement it, DG ENEST will:

- engage with other Commission services to agree on a methodology that allows the comparison of all EU delegations (not only under DG ENEST remit);
- select the subset of key indicators that will contribute to a more precise workload assessment and improve the efficiency of the data collection process.

Two very important recommendations stemmed from the limited review on control results provided by partners (management declarations).

The first one concerns the design of the control framework for management declarations. To implement it, DG ENEST will:

- Update its guidance related to the verification of management declarations;
- improve the templates for the management declaration in cooperation with DG INTPA;
- improve relevant checklists.

The second recommendation concerns effectiveness and efficiency of management declarations as a control measure. To implement it, DG ENEST will improve the monitoring of the timely submission of correct global management declarations and improve their verification.

All four recommendations that the IAS addressed to DG INTPA and where DG ENEST is a contributor have already been reported to the IAS as implemented. They originate from the following audits:

- External Investment Plan - EFSD Guarantee (three recommendations);
- Contractual expenditure verifications (one recommendation).

### **Ongoing IAS audits**

Two IAS audits started in 2025 but are still ongoing in 2026:

1. Control strategy for the Ukraine Facility;
2. Oversight/supervision of EU Delegations.

## **OLAF & EPPO**

Cooperation with OLAF and EPPO was maintained throughout 2025 in line with the respective administrative agreements. In addition, the periodic reporting to the Commissioner and to ENEST senior management has been ensured.

Regular reminders to the competent AOSDs have been sent, both about the initial assessment of the OLAF recommendations and about the implementation of outstanding OLAF recommendations. The assessment by the AOSDs of the OLAF recommendations was completed within 3 months in 100% of cases. The OLAF Monitoring Site was updated facilitating seamless follow up of OLAF recommendations.

More details are provided in section 2.1.2.e) *Fraud prevention, detection, and correction* in the main body of the AAR.

## **Accounting Officer's reports on the validation of local financial management systems**

Due to the SUMMA migration, DG BUDG did not conduct a local system's validation for the last one and a half years. All outstanding recommendations from the previous validations were closed in 2022.

## **ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"**

### **A. Annex related to "Control results" - Table on estimated risk at payment and at closure**

DG ENEST	Payments made (2025;MEUR)	minus new prefinancing [plus retentions made] (in 2025;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2025;MEUR)	Relevant expenditure (for 2025;MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2025;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	Estimated future corrections [and deductions] (for 2025;MEUR)	Estimated risk at Closure (2025;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
RCS 1 - Grants in Direct Management	916,60	- 867,20	512,40	561,80	1,38% - 1,38%	7,75 - 7,75	0,18% - 0,18%	1,03 - 1,03	6,72 - 6,72
RCS 2 - Procurement in Direct Management	210,85	- 35,97	35,10	209,98	0,24% - 0,24%	0,50 - 0,50	0,18% - 0,18%	0,38 - 0,38	0,12 - 0,12
RCS 3 - Budget Support	160,46	0,00	0,00	160,46	0,19% - 0,19%	0,30 - 0,30	0,18% - 0,18%	0,29 - 0,29	0,01 - 0,01
RCS 4 - Indirect Management with Beneficiary Countries	220,55	- 123,20	173,23	270,58	0,70% - 0,70%	1,89 - 1,89	0,18% - 0,18%	0,50 - 0,50	1,40 - 1,40
RCS 5 - Indirect Management Entrusted Entities	1 489,75	-1 439,34	513,38	563,79	1,04% - 1,04%	5,86 - 5,86	0,18% - 0,18%	1,03 - 1,03	4,83 - 4,83
Other payments	549,00	- 0,69	0,42	548,73	0,68% - 0,68%	3,73 - 3,73	0,18% - 0,18%	1,00 - 1,00	2,73 - 2,73
Contributions to Common Provisioning Fund	887,71	0,00	0,00	887,71	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
<b>Total without contribution to Performance-based</b>	<b>4 434,90</b>	<b>-2 466,40</b>	<b>1 234,53</b>	<b>3 203,04</b>		<b>20,05 - 20,05</b>	<b>0,13% - 0,13%</b>	<b>4,24 - 4,24</b>	<b>15,81 - 15,81</b>
					<b>Overall risk at payment in %</b>	<b>0,63% - 0,63%</b>		<b>Overall risk at closure in %</b>	<b>0,49% - 0,49%</b>
						(7) / (5)			(10) / (5)
RCS 6 - Ukraine Facility	601,25	0,00	0,00	601,25					
RCS 6 - Reform and Growth Facility for the Republic of Moldova	0,00	0,00	0,00	0,00					
RCS 6 - Reform and Growth Facility for the Western Balkans	0,00	0,00	0,00	0,00					
Sub-total contributions (Performance-based)	601,25	0,00	0,00	601,25					
<b>Total DG (with contributions to Performance-based)</b>	<b>5 036,16</b>	<b>-2 466,40</b>	<b>1 234,53</b>	<b>3 804,29</b>					

## Notes to the table

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the total.

(2) Payments made after the preventive (ex ante) control measures have already been implemented earlier in the cycle. For cross-sub-delegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(3) New pre-financing paid by DG ENEST during the financial year (i.e. excluding any pre-financing received as a transfer from another department) as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared are always covered by the Delegated departments, even for cross-sub-delegations.

(4) Pre-financing cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality and regularity errors (see the ECA's Annual Report methodological annex 1.1), the concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out, and adds the pre-financing cleared during the financial year. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, DG ENEST disclose the detected error rates which are derived by a backwards calculation based on results from the residual error rate study; i.e. by adding the estimated future corrections (if not assumed to be zero) to the risk at closure.

(7) The estimated risk at payment is based on risk estimated at closure (column 10) plus the estimated future correction (column 9).

(8) The adjusted average recovery and corrections percentage is based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls.

(9) The Average of Recoveries and financial Corrections (ARC) in percentage multiplied by the corresponding relevant expenditure.

(10) This column provides the estimated risk at closure based on the average error rates per RCS (based on the last 3 years) from the main sample of the residual error rate study.

*NB* Under "other payments" DG ENEST reports its administrative expenditure, which includes also administrative expenses related to salaries and/or missions previously reported by the PMO and/or DG HR. DG ENEST reports also payments related to "Ukraine facility - Pillar III Borrowing costs subsidy" and "Macro-Financial Assistance to Ukraine - Interest Rate Subsidy" (EUR 496 million), More information can be found in Annexes 6 and 7.

## B. Reservation

DG	ENEST
<b>Title of the reservation, including its scope</b>	<b>External restrictions to control financial programmes in Ukraine</b> (Non-quantified reservation)
<b>Domain</b>	Direct Management Grants and Procurements, Indirect Management with Entrusted Entities.
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	Part of the programmes specifically targeting Ukraine (EUR 511 million paid in 2025, including from external assigned revenue) under the budget implemented in this country.
<b>Reason for the reservation</b>	<p>Providing financial assistance in Ukraine is politically and operationally vital for achieving various DG objectives. However, operational and security constraints pose challenges in effectively overseeing, evaluating and controlling EU projects. Despite the implementation of mitigating measures, these limitations significantly impact on-site visits and verifications in the majority of locations.</p> <p>In <b>Ukraine</b>, it is a political imperative for the EU to support the country, its government, and population in dealing with the repercussions of the unprovoked and unjustified Russian invasion. This support aims to build resilience and assist the country on its path to EU integration. Security risks from ongoing war activities, including mine risks and frequent air raids, limit the ability of EU Delegation to monitor projects. Although the RER study resumed in 2024, after contracts previously excluded in 2022 and 2023 were reintroduced into the study, some on-the-spot checks, audits, expenditure verifications, and evaluations have been suspended or restricted, adapting to on-the-ground developments for security reasons. Monitoring project implementation, ROM, and audits are still largely conducted remotely.</p>
<b>Materiality criterion/criteria</b>	The legality and regularity-related criterion of 2%.
<b>Quantification of the financial impact (amount at risk)</b>	There is no quantification of the impact. For the time being, there is no indication of material infringement of legality and regularity in these programmes; however, DG ENEST cannot perform all the monitoring and controls it needs to perform, due to the instability in the country.
<b>Impact on the assurance</b>	Resources may potentially not be used for the intended purpose. Principles of sound financial management may potentially not be respected. The legality and regularity of financial transactions may be compromised.
<b>Responsibility for the weakness</b>	Instability and conflict situation in the concerned country.

## Responsibility for the corrective action

The Delegation (partially relocated to Brussels) will continue to:

- deploy external monitoring capacity through service providers on some programmes and projects;
- carry out additional control measures introduced in 2022, such as additional checks of invoices, monitoring of the banking system and checking projects' accessibility to funds, screening the names and entities against the sanction lists;
- monitor the implementation of the control plan, follow up on any significant delays and disruptions and increase the number of missions and the suspended controls, once security arrangements will allow;
- liaise continuously with the implementing partners and with audit and control providers, to monitor the situation and react as quickly as possible to disruptions.

DG ENEST will continue to ensure sound implementation within the limits imposed by operational and access constraints in Ukraine. **However, the country remains an active conflict zone, providing clear and objective justification for the reservation.** Nonetheless, the measures taken, and those planned, have already contributed to a deeper understanding of local dynamics, enabling a faster and more effective response to address a very unstable and erratic environment. This is particularly crucial when it comes to realigning ongoing projects or, in worst-case scenario, suspending or cancelling them. These measures will help mitigate risks and support DG ENEST in managing its portfolio more effectively.

# ANNEX 10: Reporting – Human resources, digital transformation and data management, and sound environmental management

## Human Resource management

<b>Objective:</b> DG ENEST employs a skilled, diverse and motivated workforce to deliver on the Commission's priorities		
<b>Indicator 1: Percentage of female middle managers</b>		
<b>Source of data:</b> SYSPER		
<b>Baseline</b> (2024)	<b>Target</b> (2029)	<b>Latest known results</b> (situation on 31/12/2025)
No baseline as the initiative was not pursued at College level	50% by end of 2026	DG NEAR fully met the 2024 target set in the QABD. (2) It should be noted that the split of DG NEAR into ENEST and MENA on 01/02/2025 significantly impacted the situation. ENEST was created to implement the political priorities of the new Commission. (3) On 31.01.2025 situation: 45,8%
<b>Indicator 2: Staff engagement index</b>		
<b>Source of data:</b> Commission staff survey		
<b>Baseline</b> (2023)	<b>Target <sup>(51)</sup></b> (2029)	<b>Latest known results <sup>(52)</sup></b> (situation on 31/12/2025)
68%	maintain	New staff engagement index (2025): <b>75%</b> Old staff engagement index (2023): <b>no change</b>

<sup>(51)</sup> The Commission baseline score for the Staff Engagement Index is 73% (based on the 2023 staff survey results).

<sup>(52)</sup> A new method of measuring staff engagement was introduced in 2025. The new Staff Engagement Index provides a more comprehensive view of staff engagement covering purpose, pride and motivation, autonomy and growth and collaboration and trust. The old Staff Engagement Index, which focused more on job content and relations with immediate colleagues and manager, will be used exclusively for comparisons with past data.

## Main outputs in 2025:

Description	Indicator	Target	Latest known results (situation on 31/12/2025)
Continue interactive sessions of staff with senior management	Number of Townhall Meetings, Extended Management meetings and interactive readouts from senior management meetings	3 townhall events 5 Extended Management meetings At least 1 readout per month	Completed
Adapt / develop local HR Strategy for DG ENEST, in line with new Commission mandate	HR Plan developed  Staff involved in the development	1 by end of the year  >50% of staff actively participated	100%
"FUTURE SKILLS LAB", tailored training package for the DG and add "security" thematic package	Organised training sessions  Training package on security	8 in 2025 of which 4 "deep dives", i.e. advanced modules  1 available and 1st training organised	Completed
Enhanced talent management package for colleagues in ENEST with limited contracts	Talent Management Programme launched and accessible to colleagues with limited contracts  Career development sessions organised for these colleagues	1 new edition in 2025  4 sessions organised	Completed
Increased number of women appointed to first time middle management functions	Number of new first female appointments to middle management positions	1 new first female appointment by the end of 2025	Completed

## Digital transformation and data management

**Objective:** DG ENEST is using innovative, trusted digital solutions for better policymaking, data management and administrative processes to build a digitally transformed, user-focused and data-driven Commission

**Indicator 1: Digital Culture: % of statutory staff that has completed at least one IT training course** <sup>(53)</sup>

**Source of data:** Digital Commission Dashboard (data measured at DG-level)

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (situation on 31/12/2025)
30.5%	40%	45%	24%

**Indicator 2: Seamless digital environment: cloud adoption – % of IT systems utilising cloud infrastructure services compared to the total number of IT systems**

**Source of data:** Digital Commission Dashboard (- data measured at DG-level)

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (situation on 31/12/2025)
0%	60%	80%	50%

**Indicator 3: Maturity level in implementing corporate data policies across four key areas: data management, ownership and responsibilities, data quality, and data skills (basic, developing, established, advanced, or trendsetting).**

**Source of data:** DG ENEST

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (situation on 31/12/2025)
basic	established	advanced	developing

<sup>(53)</sup> This KPI will be accompanied by an informative package that will be shared in AAR templates on a yearly basis. The package will include: (i) link to implementing guidelines – list of training courses available in EU Learn; and (ii) dedicated instructions on how to register a new training course in EU Learn (when this is organised at DG level directly by the DG), in order to record the actual number of participants and sessions.

**Indicator 4: Compliance indicator <sup>(54)</sup>: percentage of staff trained on data protection compliance combined with the percentage of public records of processing operations reviewed within the last two years.**

**Source of data:** [department-specific]

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027) >90%	<b>Target</b> (2029) 100%	<b>Latest known results</b> (situation on 31/12/2025)
61,1%	Departments should set yearly target groups and corresponding targets and ensure timely review of their records of processing activities. 80%	100%	Data communicated to R3 by HRC team  66%

**Main outputs in 2025:**

**Digital transformation**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Digital Culture	% of statutory staff that has completed at least one IT training course Source of data: Digital Commission Dashboard (data measured at DG-level)	Baseline (2024) : 33%  Target (2025): 40%	24%
Seamless digital environment	Cloud adoption – % of IT systems utilising cloud infrastructure services compared to the total number of IT systems	50%	50% eAccession, IPA-APP + IESAq non-PROD environments
Cyber Awareness	Average participation rate in cybersecurity trainings <b>Source of data:</b> Digital Commission Dashboard (data measured at DG-level)	Baseline (2024): 28% Target: 35%	31%

<sup>(54)</sup> The compliance indicator is calculated with a 50% weight attributed to the following two values: first, the number of public records with a publication date within the last 2 years / public records of the department. Second, the percentage of staff in the department who have attended data protection awareness-raising activities”

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Cybersecurity	Number of Local Information Systems covered by an up to date (less than 2 years old) security plan	100%	50% + 40% being drafted/revised (eAccession and IESAg)
<b>Data management</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Data management	Maturity level in implementing corporate data policies across four key areas: data management, ownership and responsibilities, data quality, and data skills (basic, developing, established, advanced, or trendsetting).	Developing	Developing
Artificial Intelligence	Number of AI capabilities implemented across systems	1	2
<b>Data protection</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
66%	percentage of staff trained on data protection compliance combined with the percentage of public records of processing operations reviewed within the last two years.	70%	66%

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Data Protection	50% weight: number of (updated or new) records which have been published in the last two years (2 records) compared to the overall number of published records (9 records) : 11% and 50% weight: % of staff trained in data protection on 31.12.2024 (number of staff 100%): 50%.	Baseline 61%  Target: 100%	100%

In 2025, DG ENEST continued the implementation of the **Commission's Data Protection Action Plan** (C (2018) 7432 final) as reviewed in 2020 (C (2020) 7625 final), in particular:

- cooperate with the Data Protection Officer (DPO) including participation in the Commission's Data Protection Coordinators (DPCs) network regular meetings and working groups;
- report to the DPO on compliance with the Commission's Data Protection Action Plan - Monitoring 2025 - Request for report on compliance & Satisfaction survey;
- work closely with the ENEST operational controllers on drafting new records specific to DG ENEST and related privacy statements and on revising the existing records specific to DG ENEST and the related privacy statements as part of the review exercise launched by the Data Protection Officer (DPO);
- provide advice to ENEST operational controllers and staff in drafting privacy statements for corporate decentralised processing operations (e.g., meetings/events);
- ensure the management of the records and access rights of the ENEST operational controllers into the Data Protection records Management System (DPMS);
- provide advice to ENEST staff on other related data protection issues;
- cooperate with other DGs on data protection issues, in particular with DG INTPA, DG MENA and the Service for Foreign Policy Instruments (FPI) to ensure a coherent implementation of data protection rules in the Commission's external action activities;
- provide input to the Internal Audit Service (IAS) on the implementation of the action plan in response to IAS recommendations related to the limited review on data protection, targeting external action DGs, to assess the state of compliance with the key provisions of Regulation (EU) 2018/1725 and associated Commission Decision 2020/969 (implementing rules), with particular consideration to the transfer of personal data to third countries, coordinate with the other DGs the action plans in response to the IAS recommendations and ensure their follow-up and implementation. Based on the results of ENEST follow-up actions, the IAS has concluded that the recommendations have been adequately and effectively implemented and therefore the follow-up was closed.

- raise awareness on data protection to DG ENEST management and staff: the DPC continued to ensure that management and staff are equipped with guidance on the data protection concepts, on the most common processing operations and on handling data breaches, through the dedicated data protection Intranet page.  
A wide range of data protection trainings (general and specific) was available to ENEST staff in 2025. The newcomers guide for DG ENEST staff includes a specific section on data protection with recommendations on data protection training activities. In 2025, the DPC provided an info session on data protection awareness as part of the induction trainings on procedures with the participation of 35 staff. Instruction and guidance on data protection were provided to management by the Director General to ensure that (1) the operational controllers timely identify the activities under their responsibility that involve processing of personal data in order to ensure that they are recorded before the activities started, (2) data subjects are timely and properly informed about the processing of their personal data through the Privacy Statement (e.g. meetings and events), (3) staff is aware of the obligations to report personal data breaches the measures to prevent personal data breaches and the procedures to report data breaches and (4) the newcomers systematically follow the 2 hour e-learning training launched by the DPO - 'Introduction to data protection at the European Commission', These actions ensured that in 2025, ENEST maintained the overall 100% son data protection awareness reported at the end of 2024 These statistics include only ENEST staff in headquarters (ENEST staff in Delegations receive systematically training from the EEAS).

## Sound environmental management

<b>Objective:</b> Reaching climate neutrality by 2030 and a reduced environmental footprint for the Commission.			
<b>Indicator:</b> % reduction in emissions from staff professional travel (t CO2eq).			
<b>Source of data:</b> DG/department emissions report from Qlik Sense			
<b>Baseline</b> (2019)	<b>Target</b> (2030)	<b>Latest known results</b> (situation on 31/12/2025)	
510.41 Tons CO2	50% of reduction (baseline 2019)	391,16 Tons CO2	
<b>Main outputs in 2025:</b>			
<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Actions to reduce emissions from staff missions (16) (16) DG/department emissions report from Qlik Sense. Emissions from staff whose place of assignment is one of the Commission's sites: EMAS.	Monitoring of indicators from the new ENEST mission guide: •No more than 3 colleagues per mission in principle and if so only with clearly justified reasons •Joint missions between departments and with other institutions where possible. • DG ENEST staff travel emissions – 50% emissions reduction between 2019 and 2030 (baseline 2019: 510 Tons CO2)	100% compliance	Completed  2025: 391,16 Tons CO2  23% diminution in mission emission since 2019
Energy saving actions	ENEST buildings L-15 and J-54 participate in the annual BEST energy saving actions	At least 2 weeks closure of building in 2025	Completed
Staff awareness actions	ENEST to raise awareness of corporate awareness actions in line with EMAS/greening corporate campaigns, notably on reduction of use of paper and the usage of electronic signatures	At least 5 dedicated articles in the weekly newsletter / publications on the ENEST intranet 2 specific campaigns started on this with Emails targeted at all staff	Completed

# ANNEX 11: Implementation through non-EU entrusted entities <sup>(55)</sup> and/or through EU Trust Funds

## 1. Justification of the recourse to Indirect Management

DG ENEST examines the relevance and feasibility of the action for the EU, the partner country and the entrusted entity. It analyses whether the action contributes to the strengthening or rationalisation of a wider division of labour process, whether it is coherent with the EU strategies and programming documents, it assesses its impact as regards EU visibility, the cost-benefit/impact ratio and the likely risks and disadvantages of the action. With regard to the partner country, it asks whether the action is owned and led by it, aligned to its development strategy, using the partner country's systems and whether the partner country agrees with the implementation by the entrusted entity. Information on expected efficiency gains and reduction in transaction costs is also analysed.

## 2. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.)

Pursuant to Articles 62(1)(c)(ii) and 159.1 of the EU Financial Regulation ('FR') <sup>(56)</sup>, the Commission may entrust the implementation of an action to an international public sector organisation set up by an international agreement or a specialised agency set up by such organisation. Such an international organisation may have worldwide or regional scope. The typical feature of international organisations is their specialisation in certain activities relevant for the EU's objectives. This specialisation, along with the capacity to mobilise co-financing (its own or from other donors) should be the primary reasons for selecting an entity to be entrusted with the implementation of an action.

Member States' organisations can be, pursuant to Article 62(1) (c)(v) and (vi) FR, a public-law body or a body governed by private law with a public-service mission providing adequate financial guarantees. In practice, it is either a ministry where the legal entity is the Member State itself or it is a separate legal entity (agency) established under public law (i.e. by a sovereign act of State, such as a law or a decree) or under private law (i.e. in a legal form available to anyone in that particular State) with a public-service mission. As far as DG ENEST is concerned, the potential 'national agency' must also fulfil the following policy criteria:

- the organisation contributes through its activities to achieving development policy objectives contained in the 2030 Agenda and supporting partner countries to achieve the Sustainable Development Goals;
- the organisation is mandated by its government with the implementation of public policy;
- the organisation operates at the highest government level (national or federal);

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<sup>(55)</sup> Implementing partners other than EU institutions or Union bodies.

<sup>(56)</sup> Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast), OJ L, 2024/2509, 26.9.2024.

- the organisation has experience in technical or financial project implementation and as such it is generally capable of mobilising co-financing of its own (i.e. from its Member State) or from other donors, along with that of the EU.

With the recast of the FR, adopted in September 2024, and pursuant to its Article 62(1)(c)(ix) the Commission may now also entrust the implementation of an action to private law bodies that do not have a public service mission, provided that they are *‘established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by bodies as set out in point (v) or (vi) and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.’* In this context, it is useful to note that, in accordance with Article 35(4) NDICI-Global Europe, bodies governed by the private law of a Member State, a partner country or a third country that has contributed to the External Action Guarantee may indeed be eligible for implementing budgetary guarantees under the External Action Guarantee.

When DG ENEST receives a request from an entity wishing to be entrusted with the implementation of actions in indirect management, DG INTPA carries an opportunity and legal check and prepares the decision of its Management. If the decision is positive and before being entrusted with the implementation of an action, the entity must undergo a Pillar Assessment in order to ensure that it provides sufficient protection of the Union’s financial interest. If weaknesses are detected, they have to be satisfactorily addressed and will be followed up through a review on the Pillar Assessment report’s recommendations. In case of significant weaknesses appropriate ‘supervisory measures’ are included in the corresponding contribution agreements until the issues have been adequately addressed by the entrusted entity.

### **3. Summary description of the tasks entrusted to these entities**

Tasks carried out by entrusted entities when implementing the EU-funded action include the following: (i) awarding and signing grant agreements, procurements contracts, as well as selecting financial intermediaries - in line with the rules, procedures and systems previously assessed as part of the ‘Pillar Assessment’, and (ii) managing the agreements and contracts concluded (making payments, accepting or rejecting deliverables, enforcing the contract, carrying out checks and controls, recovering unduly paid funds

### **4. List of national and international implementing entities in 2025**

The below table provides for each commitment the references of the Programmes and the amounts of the EU delegations’ agreements concerned. The table also shows what type of management declaration should have been received per entity: global (GMD) or individual management declaration (IMD). There is a central repository for the GMDs. However, for IMDs there is no repository. In case of a missing or non-compliant individual management declaration that has to be submitted together with a payment request, such payment request must have been suspended until a compliant individual management declaration was received.

## **INDIRECT MANAGEMENT WITH IMPLEMENTING PARTNERS OTHER THAN EU INSTITUTIONS OR EU BODIES**

## 1. AGENCE FRANCAISE DE DEVELOPPEMENT

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
1	4500010759	Sustainable and Inclusive Irrigated Agriculture Development Programme in Georgia	€ 18 107 000	€ 0	€ 0	Received or will be received with the first payment request
2	4500018340	UPFI 3 East: Urban Project Facility in the Neighbourhood - Eastern Neighbourhood Window	€ 5 300 000	€ 0	€ 0	
3	4500024694	Moldovan Green Transition Technical Assistance Facility (AFD)	€ 5 300 000	€ 0	€ 0	
4	4500032390	Strengthening Human Capital Development in Georgia	€ 7 852 000	€ 0	€ 0	
5	4500032448	EU for Circular Economy and Green Growth - Waste Infrastructure in Albania	€ 19 000 000	€ 0	€ 274 671	
6	4500040953	Construction and rehabilitation of water supply and waste water systems and related soft measures to improve water management efficiency	€ 156 000 000	€ 0	€ 8 131 334	
7	4500041901	Khashuri Water supply and sanitation	€ 7 550 000	€ 0	€ 2 368 484	
8	4500052203	Irrigated Agriculture Development in Ararat and Armavir Marzes	€ 10 376 000	€ 0	€ 857 143	
9	4500052698	Construction of a State Hospital in Hatay (part II - final instalment)	€ 7 969 348	€ 0	€ 7 969 348	
10	4500052704	Construction of a State Hospital in Hatay	€ 32 030 653	€ 0	€ 14 612 964	
11	4500054658	Construction and rehabilitation of water supply and waste water systems and related soft measures to improve water management efficiency	€ 58 821 680	€ 0	€ 0	
12	4500139067	Water and Agriculture Integrated Development for Armenia (WAIDA)	€ 12 456 000	€ 12 456 000	€ 0	
13	4500149873	Integrated Development of Agriculture and Irrigation Programme (iDRIP)	€ 15 600 000	€ 15 600 000	€ 0	
14	4500150668	TECHNICAL ASSISTANCE COMPONENT OF THE 'FINANCING AND ACCELERATING THE SUSTAINABLE TRANSITION OF CITIES' (FAST-Cities) GUARANTEE AGREEMENT	€ 3 100 000	€ 3 100 000	€ 0	

## 2. AGENZIA ITALIANA PER LA COOPERAZIONE E ALLO SVILUPPO

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
15	4500026413	EU for Justice EU4Justice	€ 2 500 000	€ 0	€ 637 724	

16	4500050897	EU for Economic Development - Tourism-led, local, economic development with a focus on Cultural Heritage	€ 6 000 000	€ 0	€ 354 144	Received or will be received with the first payment request
17	4500146305	EU for Forests	€ 12 690 000	€ 12 690 000	€ 0	

### 3. AUSTRIAN DEVELOPMENT AGENCY

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
18	4500031591	EU for Water - Component 1: ¿EU4Rivers¿	€ 7 500 000	€ 1 000 000	€ 0	Global MD 13/02/2026
19	4500038671	International Monitoring Operation (IMO): Support to the process of temporary re-evaluation of Judges and Prosecutors in Albania - Phase III Annual Action Plan in favour of Albania for 2022	€ 9 700 000	€ 0	€ 0	
20	4500039516	R2D Syunik: Recovery, Resilience, Development for Syunik	€ 9 000 000	€ 0	€ 794 711	
21	4500049494	LEAD4Shirak - Local Empowerment of Actors for Development of Shirak region	€ 3 496 717	€ 0	€ 910 450	
22	4500049567	Aligning Education with Labour Market Needs - II	€ 3 800 000	€ 0	€ 0	
23	4500050295	Green Economy: Sustainable Mountain Tourism and Organic Agriculture (GRETA)	€ 3 000 000	€ 0	€ 50 000	
24	4500052656	EU Green Agriculture Initiative in Armenia (EU-GAIA)	€ 9 700 000	€ 0	€ 0	
25	4500145990	EU GAIA phase II	€ 3 000 000	€ 3 000 000	€ 0	

### 4. BANK GOSPODARSTWA KRAJOWEGO

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
26	4500021278	Support to MSMEs sector in the Republic of Moldova: BGK amortised loan to ODA ¿ FACEM Fund	€ 1 584 000	€ 0	€ 0	Received or will be received with the first payment request
27	4500022542	EU Support for Ukrainian Micro, Small and Medium-Sized Enterprises (MSMEs) - top-up	€ 20 600 000	€ 0	€ 0	
28	4500036890	EU Support for Ukrainian Micro, Small and Medium-Sized Enterprises (MSMEs)	€ 20 400 000	€ 0	€ 200 000	

### 5. BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
29	4500015201	Support for the Design, Tendering and Construction of Bălți Regional Hospital	€ 9 488 000	€ 6 278 000	€ 0	Global MD 29/04/2024
30	4500020158	Addendum 2 to IPA/2020/420-822 - Strengthening Health Care Infrastructure for All (SHIFA)	€ 50 000 000	€ 0	€ 0	
31	4500053982	Strengthening Health Care Infrastructure for All (SHIFA)	€ 90 000 000	€ 0	€ 0	

## 6. CASSA DEPOSITI E PRESTITI SOCIETA PER AZIONI

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
32	4500038783	Green Finance for Inclusion - GF4I&#10;	€ 10 057 540	€ 0	€ 0	Received or will be received with the first payment request
33	4500150211	Sustainable Access to Finance for Entrepreneurship (SAFE)	€ 9 427 543	€ 9 427 543	€ 0	

## 7. CENTER ZA RAZVOJ FINANC XCELLENCE IN FINANCE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
34	4500033443	Support to coordination, monitoring and reporting on Public Administration Reform Strategy and Public Finance Management Reform Programme 2022-2026	€ 700 000	€ 0	€ 205 846	Received or will be received with the first payment request
35	4500036768	WeLead, EU Scheme for Young Professionals in the Western Balkans	€ 3 999 997	€ 0	€ 1 327 200	

## 8. CIVIPOL

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
36	4500022122	EU4LawEnforcement - Moldova	€ 6 000 000	€ 0	€ 0	Global MD 10/12/2025
37	4500039367	Enhancing protection of public spaces and critical infrastructures in the Western Balkans	€ 4 000 000	€ 0	€ 1 838 369	

## 9. CONSEIL DE L' EUROPE OPE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
38	4500010524	PROMOTING FREEDOM OF EXPRESSION IN ALBANIA THROUGH OPEN DIALOGUE	€ 150 000	€ 0	€ 0	Global MD The Financial Framework Partnership Agreement signed in 2020 discarded the submission of global management declarations.
39	4500011157	Enhancing Foreign Language Education Quality in Türkiye	€ 4 863 000	€ 0	€ 456 428	
40	4500011309	CyberSEE ç Co-operation on Cybercrime: Enhanced action on cybercrime and electronic evidence in South-East Europe and Türkiye	€ 4 950 000	€ 0	€ 1 051 678	
41	4500020784	CyberEast+ Enhanced action on cybercrime for cyber resilience in Eastern Partnership States	€ 3 500 000	€ 0	€ 817 448	
42	4500020923	HRM in LSG phase 3	€ 1 170 000	€ 0	€ 0	
43	4500025632	European Union/Council of Europe Partnership for Good Governance for Eastern Partnership countries - Phase III&#9;	€ 16 500 000	€ 1 500 000	€ 4 555 411	
44	4500032565	Support for implementing European standards relating to anti-discrimination and rights of national minorities in Ukraine	€ 1 800 000	€ 0	€ 666 921	
45	4500035279	Support to the justice reform in the Republic of Moldova	€ 2 430 000	€ 0	€ 481 422	
46	4500036841	EU-Council of Europe Horizontal Facility for Western Balkans and Türkiye ç Phase III	€ 36 000 000	€ 1 000 000	€ 11 623 165	
47	4500037733	Roma Integration Phase III	€ 2 700 000	€ 0	€ 1 134 543	
48	4500044884	Support for the implementation of judicial reform in Serbia	€ 3 000 000	€ 0	€ 0	
49	4500045027	Improving the Effectiveness of Family Courts: Better Protection of the Rights of Family Members	€ 2 000 000	€ 0	€ 428 304	
50	4500045038	Justice Dashboard EaP	€ 2 000 000	€ 0	€ 0	
51	4500046895	Supporting the Effective Implementation of Turkish Constitutional Court Judgments in the Field of Fundamental Rights	€ 4 950 000	€ 0	€ 837 920	
52	4500050951	European Union and Council of Europe working together to strengthening the protection of human rights in Ukraine	€ 2 700 000	-€ 300 000	€ 0	
53	4500052488	ROMACTED phase II: Promoting good governance and Roma empowerment at local level	€ 5 700 000	€ 0	€ 2 897 060	

54	4500114406	Support to the Electoral Cycle in Albania	€ 2 000 000	€ 2 000 000	€ 0
55	4500117162	Improving treatment of inmates with mental health issues, and increasing efficiency and quality of the systems of alternative sanctions and post-penal care	€ 1 500 000	€ 1 500 000	€ 0
56	4500149309	COE - Strengthening Rights and Conditions of Women in Prisons in Türkiye in line with International and EU Standards	€ 4 000 000	€ 4 000 000	€ 0
57	4500150271	"Fostering civil society participation and capacity building in access to justice in Türkiye"	€ 4 000 000	€ 4 000 000	€ 0

## 10. DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
58	4500008792	Resilient Employment and Socio-Economic Development in Earthquake-affected Regions of Türkiye (RE-SEED)	€ 50 000 000	€ 0	€ 0	Global MD 22/01/2026
59	4500011178	CA - EU4 Private Sector Development in Bosnia and Herzegovina / Post Covid-19	€ 8 000 000	€ 0	€ 0	
60	4500011860	SUSTAIN MEDIA - Support to Media Freedom and Pluralism in the Western Balkans Phase II	€ 10 000 000	€ 0	€ 0	
61	4500012146	ADDENDUM 2 TO IPA/2019/412-790 Extension of contract and FDI duration, budget top-up	€ 1 000 000	€ 0	€ 0	
62	4500012372	Improving cyber resilience in Eastern Partnership countries II	€ 1 800 000	€ 0	€ 0	
63	4500012405	Better Goods and Services	€ 11 525 000	€ 0	€ 843 221	
64	4500015011	Sustainable Energy for climate resilient municipal development in Armenia	€ 6 200 000	€ 0	€ 328 969	
65	4500015511	Support to Vocational Education and Training in Ukraine / Skills4Recovery	€ 6 000 000	€ 0	€ 0	
66	4500017703	EU4ClimateResilience: Decarbonisation and Climate Resilience in the Eastern Partnership	€ 17 000 000	€ 0	€ 0	
67	4500017944	EU4Resilient Regions - Phase II	€ 7 000 000	€ 0	€ 0	
68	4500018445	U-LEAD with Europe Phase III	€ 41 850 436	€ 11 850 436	€ 0	
69	4500019306	EU4Digital - An accelerated digital transition for the Western Balkans - Phase 1	€ 15 000 000	€ 0	€ 0	

70	4500019679	Capacity building and piloting of the Moldovan Residential Energy Efficiency Fund (MREEF)	€ 4 000 000	€ 1 000 000	€ 0
71	4500019696	Improvement of cross-Nistru cooperation in primary care sectors	€ 1 000 000	€ 0	€ 0
72	4500020646	EU4Collective Action for Energy Transition	€ 3 000 000	€ 0	€ 0
73	4500021170	Western Balkans School Exchange Scheme 2	€ 4 500 000	€ 0	€ 778 843
74	4500026415	Strengthening Citizen Participation in Azerbaijan	€ 3 000 000	€ 0	€ 401 435
75	4500026712	EU4Energy Efficiency and Renewable Energy in Armenian Communities	€ 2 699 336	€ 0	€ 0
76	4500026941	Administrative Burden Reduction in Kosovo	€ 6 000 000	€ 0	€ 712 543
77	4500035294	EU4Business: SME Recovery Programme in Ukraine	€ 10 000 000	€ 0	€ 0
78	4500035849	U-LEAD with Europe Phase II: Reform and Reconstruction	€ 20 000 000	€ 0	€ 8 804 697
79	4500036231	Governance Progress Board for the Eastern Partnership Countries	€ 1 000 000	€ 0	€ 833 738
80	4500037616	EU support to strengthen the fight against migrant smuggling and trafficking in human beings in the Western Balkans	€ 36 000 000	€ 0	€ 8 706 508
81	4500037647	EU4Innovation "Supporting start-ups, innovation ecosystem and investments"	€ 10 000 000	€ 0	€ 3 391 253
82	4500037926	EU4Youth IV: youth engagement and empowerment	€ 5 000 000	€ 0	€ 0
83	4500039093	EU for Circular Economy and Green Growth - support to the transition of Albania towards a circular economy	€ 10 600 000	€ 0	€ 733 927
84	4500040207	Support to Media Freedom and Pluralism in the Western Balkans	€ 10 000 000	€ 0	€ 0
85	4500040925	¿EU for Tourism in Serbia¿ Competitiveness through Tourism Development - Addendum 1	€ 7 000 000	€ 0	€ 7 000 000
86	4500041199	Strengthen the rule of law and anti-corruption mechanisms in the Republic of Moldova	€ 8 800 000	€ 0	€ 2 113 710
87	4500041542	Addendum 1	€ 6 500 000	€ 0	€ 1 613 814

88	4500042423	Capacities for Climate Action - Support to climate change mitigation and adaptation through the operation of a climate innovation resource and consultative centre	€ 2 500 000	€ 0	€ 880 588
89	4500042751	EU4Moldova Local communities MPCA with GIZ and ADA	€ 13 796 000	€ 0	€ 0
90	4500042793	Contribution Agreement between the EC and GIZ for "Digitalisation of Micro and Small businesses to increase their resilience in the crisis"	€ 2 200 000	€ 0	€ 1 645 327
91	4500043541	EU4Business: SME Competitiveness and Internationalisation	€ 15 500 000	€ 0	€ 12 319 864
92	4500043957	EU4Business Fostering the Common Regional Market through Quality Infrastructure and E-Commerce	€ 4 300 000	€ 0	€ 0
93	4500044404	Institutional development to modernise waste management in Kosovo	€ 3 000 000	€ 0	€ 2 247 772
94	4500044636	Western Balkans School Exchange Scheme	€ 4 500 000	€ 0	€ 2 667 075
95	4500044911	Facility supporting the strengthening of the Rule of Law in the Republic of Serbia	€ 5 000 000	€ 0	€ 0
96	4500045315	EU4DigitalSME: EU support for digitalization of Small and Medium size Enterprises in Bosnia and Herzegovina	€ 5 000 000	€ 0	€ 3 688 776
97	4500045962	¿EU for Tourism in Serbia¿ Competitiveness through Tourism Development	€ 15 000 000	€ 0	€ 11 327 468
98	4500049460	EU4SEVAN ¿ environmental protection of lake Sevan	€ 5 000 664	€ 0	€ 0
99	4500052385	COVID-19 INVESTMENT RESPONSE - EU4BUSINESS RECOVERY	€ 12 999 900	-€ 100	€ 9 624 666
100	4500053887	EU4 Energy Transition: Covenant of Mayors in the Western Balkans and Turkey	€ 8 000 000	€ 0	€ 0
101	4500097528	Addendum N.2 - Administrative Burden Reduction in Kosovo	€ 1 500 000	€ 1 500 000	€ 0
102	4500101957	EU Support to Enhance Montenegro's Capacity for EU Ac-cession and Reforms Implementation (EU¿EMPOWER¿ME)	€ 3 600 000	€ 3 600 000	€ 0
103	4500120887	EU4Reconstruction: Citizen-oriented reforms and regulations for rebuilding Ukraine. Stream 1	€ 7 500 000	€ 7 500 000	€ 0

104	4500127626	EU4 Digital Transformation in Bosnia and Herzegovina	€ 3 000 000	€ 3 000 000	€ 0
105	4500131429	Capacities for Climate Action & Support to climate change mitigation and adaptation through the operation of a climate innovation resource and consultative centre	€ 4 000 000	€ 4 000 000	€ 0
106	4500133652	EU for Municipalities	€ 10 000 000	€ 10 000 000	€ 0
107	4500134310	EU4Sevan+: Sustainable water management for resilient community development in Armenia	€ 3 500 000	€ 3 500 000	€ 0
108	4500134503	EU4TRADE: Accelerating Regional Economic Integration and EU Single Market Access for the Western Balkan	€ 8 000 000	€ 8 000 000	€ 0
109	4500136349	STEP IN 2 EU	€ 12 000 000	€ 12 000 000	€ 0
110	4500145793	EU for Food Safety	€ 12 500 000	€ 12 500 000	€ 0
111	4500146116	ReBuild Green (Ukraine) with the Energy Efficiency Fund	€ 6 000 000	€ 6 000 000	€ 0

#### 11. E-RIIGI AKADEEMIA SIHTASUTUS e-GOVERNANCE ACADEMY EGA

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
112	4500020007	Improving cyber resilience in Eastern Partnership countries I	€ 1 700 000	€ 0	€ 0	Received or will be received with the first payment request
113	4500024488	EU Support to Cybersecurity Capacity Building in the Western Balkans	€ 5 000 000	€ 0	€ 0	
114	4500031477	EU Support for Digital Transformation of Ukraine	€ 17 400 000	€ 0	€ 5 241 701	
115	4500122507	EU Support for Digital Transformation of Ukraine Phase II	€ 10 000 000	€ 10 000 000	€ 0	

#### 12. EXPERTISE FRANCE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
116	4500018080	Improving the employment prospects for the refugees and host communities by high-quality VET and apprenticeship in Turkey (VET4JOB) - II	€ 44 000 000	€ 0	€ 0	Global MD 13/02/2026
117	4500019557	EU4Innovation East - (multi-annual commitment)	€ 20 000 000	€ 0	€ 0	

118	4500023408	Support to Justice Sector Reforms in Ukraine (PRAVO-JUSTICE III)	€ 13 000 000	€ 0	€ 0
119	4500041177	Improving the employment prospects for the Syrian refugees and host communities by high-quality VET and apprenticeship in Turkey (VET4JOB)	€ 30 000 000	€ 0	€ 10 406 773
120	4500052595	Support to Justice Sector Reforms and Digitalization in Ukraine (PRAVO-JUSTICE II)	€ 10 000 000	€ 0	€ 3 332 010
121	4500113260	External monitoring operation - HJPC	€ 746 095	€ 746 095	€ 0
122	4500144203	EU support to facilitate Just Transition for Western Balkans regions, industries and workers	€ 5 000 000	€ 5 000 000	€ 0

### 13. FEDERATION INTERNATIONALE DES SOCIÉTÉS DE LA CROIX-ROUGE ET DU CROISSA

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
123	4500145873	Azerbaijan SAFER Communities: Strengthening Forecasting, Early Action and Resilience (SAFER)	€ 2 000 000	€ 2 000 000	€ 0	Global MD 21/02/2025

### 14. FUNDACION INTERNACIONAL Y PARA IBEROAMERICA DE ADMINISTRACION Y

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
124	4500012123	EU Green Connectivity: Improvement of Air Quality instruments and Vehicle Emission Standards to better protect the health of citizens in Georgia	€ 1 000 000	€ 0	€ 0	Received or will be received with the first payment request
125	4500028255	EU support for Internal Market	€ 8 000 000	€ 0	€ 0	
126	4500031578	Reinforcement to EU4DigitalUA: institutional strengthening, communication and data protection	€ 1 600 000	€ 0	€ 0	
127	4500040891	EU4DigitalUA: capacity building, communication and data protection	€ 8 400 000	€ 0	€ 1 095 788	
128	4500150334	Continued EU support to cybersecurity	€ 10 000 000	€ 10 000 000	€ 0	

### 15. FUNDACJA SOLIDARNOSCI MIEDZYNARODOWEJ

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
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129	4500029177	Internet Access Flagship: Rural Empowerment through Digital Inclusion (REDI)	€ 5 000 000	€ 0	€ 449 814	Received or will be received with the first payment request
130	4500107816	Sustainable Food Systems - business	€ 3 000 000	€ 3 000 000	€ 0	

## 16. GOETHE-INSTITUT EV

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
131	4500010959	EU4Culture: Sustainable Cultural Ecosystems	€ 10 000 000	€ 0	€ 0	Received or will be received with the first payment request
132	4500023701	CultureCIVIC II	€ 5 000 000	€ 0	€ 0	
133	4500027695	EU4Belarus: Mobility Scheme for Targeted People-to-People Contacts IV (MOST IV)	€ 3 998 551	€ 0	€ 0	
134	4500035261	Creative Compass Georgia	€ 4 650 000	€ 0	€ 746 393	
135	4500035393	House of Europe II	€ 10 000 000	€ 0	€ 1 312 347	
136	4500037023	Support to Public Service Journalism in the Western Balkans	€ 3 000 000	€ 0	€ 0	

## 17. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
137	4500015728	Strengthening the Partial Credit Guarantee (PCG) Fund for small farmers in Ukraine	€ 6 575 000	€ 0	€ 0	Global MD 06/02/2026
138	4500021263	Supporting Transparent Land Governance in Ukraine	€ 3 000 000	€ 0	€ 0	
139	4500024939	Access to markets - SME Innovation and Ecosystem Support	€ 3 000 000	€ 0	€ 0	
140	4500025700	EU4 Rule of Law: Supporting evidence-based policy-making on justice system performance in the Western Balkans and Türkiye	€ 6 200 000	€ 1 000 000	€ 297 903	
141	4500027390	Strengthening the Partial Credit Guarantee (PCG) Fund for small farmers in Ukraine	€ 11 850 000	€ 0	€ 0	
142	4500027747	Supporting the development of a modern payment system and a regional investment area in the Western Balkans	€ 5 000 000	€ 0	€ 0	
143	4500027964	EU4Digital: Investing in Broadband Connectivity	€ 5 000 000	€ 0	€ 0	

144	4500032535	EU Support to BiH Health Sector Reform (WB)	€ 4 100 000	€ 0	€ 0
145	4500033010	EU Reform Facility ME - WB/IBRD - Administration Agreement - the Governance and Institutions Umbrella Program Anchor Multi-Donor Trust Fund	€ 3 500 000	€ 0	€ 0
146	4500034379	Improvement and Rehabilitation of Irrigation Systems Project	€ 10 000 000	€ 0	€ 2 375 410
147	4500035958	Strengthening Fiscal Governance in the Western Balkans	€ 7 080 000	€ 0	€ 0
148	4500036306	Eco - Industrial Parks in the Western Balkans	€ 3 634 465	€ 0	€ 0
149	4500036367	Promoting jobs and the care economy	€ 1 700 000	€ 0	€ 0
150	4500036524	Agriculture Modernization Project & Safe Disposal of Animal By-Products Activities	€ 4 500 000	€ 0	€ 0
151	4500037718	Administration Agreement with the World Bank to Support Türkiye's Energy Sector (IPA 2018 and IPA 2019)	€ 12 826 000	€ 0	€ 0
152	4500038837	AB Rider-Correction of start date	€ 1 000 000	€ 0	€ 1 000 000
153	4500040071	Supporting Transparent Land Governance in Ukraine	€ 10 000 000	€ 0	€ 0
154	4500040693	Support for Transition to Labor Market Project	€ 80 000 000	€ 0	€ 0
155	4500040707	Municipal Services Improvement Project	€ 140 178 320	€ 0	€ 0
156	4500040712	Agricultural Employment Support for Refugees and Turkish Citizens through Enhanced Market Linkages Project	€ 50 217 751	€ 0	€ 0
157	4500040752	Digitalization for business environment - RETF part	€ 2 500 000	€ 0	€ 0
158	4500040753	Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Turkey Project (SEECO, P171456)	€ 42 280 000	€ 0	€ 3 654 537
159	4500040754	Azerbaijan Rapid Technical Assistance Facility (AZTAF)	€ 5 250 000	€ 0	€ 991 143
160	4500040760	Formal Employment Creation Project	€ 80 000 000	€ 0	€ 0
161	4500040860	Serbia Advancing Innovation and Entrepreneurship (Recipient executed trust fund)	€ 28 500 000	€ 0	€ 0

162	4500041550	Building Effective, Transparent and Accountable Public Financial Management Institutions in North Macedonia	€ 5 500 000	€ 0	€ 0
163	4500041694	Public Finance Management Support Programme for Ukraine (EU4PFM) ç Component 2 ActivitiesTrust Fund	€ 6 000 000	€ 0	€ 0
164	4500045106	Technical Support to the Eastern Partnership Transport Panel - Phase 2	€ 2 800 000	€ 0	€ 0
165	4500045112	Supporting the Effective Reintegration of Returnees in the Western Balkans Phase II	€ 2 200 000	€ 0	€ 0
166	4500048031	Part II EC - World Bank Partnership Program for Europe and Central Asia Programmatic Single-Donor Trust Fund - (No. TF072780)  Education Infrastructure for Resilience Activities in Turkey	€ 150 000 000	€ 0	€ 15 686 041
167	4500048700	Parallel EC - World Bank Partnership Program for Europe and Central Asia Programmatic Single-Donor Trust Fund (No. TF072780) Turkey - Employment Support for Syrians under Temporary Protection and Host Communities	€ 50 000 000	€ 0	€ 0
168	4500051217	Support to Sustainable Urban Mobility Planning in Turkey	€ 2 500 000	€ 0	€ 0
169	4500051956	Serbia Advancing Innovation and Entrepreneurship (Bank executed trust fund)	€ 13 000 000	€ 0	€ 0
170	4500052551	EU for better business environment	€ 5 500 000	€ 0	€ 0
171	4500053089	Administration Agreement Between The EC and the International Bank for Reconstruction and Development - Part II Europe 2020 Programmatic SDTF (073433) ; Support to Economic Governance, Business Environment and Justice Functional Review	€ 2 500 000	€ 0	€ 1 124 485
172	4500054283	EU REPARIS for SMEs	€ 5 000 000	€ 0	€ 0
173	4500054592	EU4Environment - Ecosystems and Livelihoods - Result 4	€ 6 000 000	€ 0	€ 0
174	4500098740	Strengthening the Capacity of the State Agrarian Register in Ukraine	€ 5 425 000	€ 5 425 000	€ 0
175	4500114038	Roma Survey in the Western Balkans	€ 1 100 000	€ 1 100 000	€ 0

176	4500133160	Armenia Business Regulation for Investment, Digitalization, Growth, and Entrepreneurship	€ 2 900 000	€ 2 900 000	€ 0	
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#### 18. INTERNATIONAL ENERGY AGENCY INTERNATIONALE DE L'ENERGIE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
177	4500045985	Promoting the Clean Energy Transition in the Eastern Partnership countries: EU4Energy Phase II - Components 3 - 6	€ 3 700 000	€ 0	€ 0	Received or will be received with the first payment request

#### 19. INTERNATIONAL FINANCE CORPORATION

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
178	4500013982	EU-IFC Administration Agreement on Recovery Programme in Housing	€ 14 000 000	€ 0	€ 0	Global MD 06/02/2026
179	4500014267	Not_Available	€ 0	€ 201 000 000	€ 0	
180	4500054098	Administration Agreement between the European Commission and the International Finance Corporation concerning the Energy Efficiency Support Program for Ukraine & EE4U Multi-Donor Trust Funds	€ 94 900 000	€ 0	€ 0	
181	4500125013	Not_Available	€ 0	€ 100 000 000	€ 0	

#### 20. INTERNATIONAL INSTITUTE FOR DEMOCRACY AND ELECTORAL ASSISTANCE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
182	4500120325	INSPIRE UA - Inclusive Support for Participation, Involvement, Representation, and Engagement of Ukrainians Abroad	€ 499 070	€ 499 070	€ 0	Received or will be received with the first payment request

#### 21. INTERNATIONAL LABOUR ORGANIZATION ORGANISATION INTERNATIONALE DU TRAVAIL

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
183	4500011191	EU4Employment in Bosnia and Herzegovina - IPA 2021	€ 5 000 000	€ 0	€ 0	Audit 31/12/2017
184	4500011781	Promotion of occupational safety and health and labour inspection in Serbia	€ 1 500 000	€ 0	€ 0	
185	4500024506	Strengthening of social dialogue in the Republic of Serbia	€ 1 000 000	€ 0	€ 0	
186	4500032833	Workplace Compliance through Labour Inspection Guidance and Social Dialogue (WPC)	€ 2 513 000	€ 0	€ 581 123	
187	4500032892	EU Support to improved Quality of VET Education	€ 1 000 000	€ 0	€ 213 634	
188	4500033230	EU Support to Inclusive Labour Markets in the Republic of Moldova	€ 2 000 000	€ 0	€ 256 692	
189	4500036497	STRENGTHENING SOCIAL PARTNERS AND CIVIL SOCIETY CAPACITIES ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK	€ 5 000 000	€ 0	€ 657 461	
190	4500037704	EU4EMPLOYMENT in Bosnia and Herzegovina	€ 4 000 000	€ 0	€ 1 453 724	
191	4500053537	EU Support to Local Employment Partnerships - Phase II (LEP II)	€ 6 000 000	€ 0	€ 3 086 559	
192	4500131632	Promoting Inclusive Labour Market Governance Reform in Support of Ukraine's Reconstruction and EU Accession	€ 3 500 000	€ 3 500 000	€ 0	
193	4500146586	EU4PEOPLE: EMPLOYMENT PROGRAMME IN BOSNIA AND HERZEGOVINA	€ 5 000 000	€ 5 000 000	€ 0	

## 22. INTERNATIONAL MONETARY FUND ONETAIRE INTERNATIONAL

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
194	4500018530	IMF Ukraine Capacity Development Fund	€ 2 000 000	€ 0	€ 0	Global MD 2/02/2026
195	4500033144	Fiscal Reforms in Southeast Europe. PHASE III: January 2023-December 2026. (SEE III)	€ 10 320 000	€ 0	€ 7 183 883	

## 23. INTERNATIONAL ORGANIZATION FOR MIGRATION

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
196	4500008327	Individual measure to strengthen border management capacities in Bosnia and Herzegovina	€ 6 385 000	€ 0	€ 736 628	Received or will be received with the first payment request
197	4500009644	Promoting Sustainable and Socially Inclusive Labour Market Integration	€ 50 000 000	€ 0	€ 0	
198	4500009995	EU Support for Migration and Border Management in Montenegro -Individual Measure to Strengthen Integrated Border Management Capacities in Montenegro II	€ 10 000 000	€ 0	€ 0	
199	4500010306	Establishment and upgrade of the identification and registration process of mixed migration in North Macedonia in view of a connection to EU information systems	€ 10 000 000	€ 0	€ 0	
200	4500012532	EU support to strengthen return management systems in the Western Balkans	€ 8 000 000	€ 0	€ 0	
201	4500013387	Improving the Control Capacity of DG Customs Enforcement	€ 1 000 000	€ 0	€ 292 232	
202	4500013695	EU Support to Strengthening IBM in Ukraine (EU for Solidarity Lanes and IBM) Addenda no. 2 and 3 to the contract 436-236	€ 23 700 000	€ 3 700 000	€ 0	
203	4500014487	Addendum / Top up the EU-Community Stabilisation Programme Phase IV - 2019/414-002	€ 500 000	€ 0	€ 0	
204	4500015085	Individual measure to strengthen the strengthen border management capacities in Bosnia and Herzegovina - Amendment No. 01 to the contract 452194	€ 2 393 896	€ 0	€ 0	
205	4500018478	EU4Migration in Albania	€ 10 000 000	€ 0	€ 0	
206	4500023443	Enhancing Policy Framework and Capacity for Effective Migration and Asylum Management in Armenia	€ 1 850 000	€ 0	€ 202 518	
207	4500023895	Improved Specialization in Migration Governance and Integrated Border Management in Georgia (SPECS)	€ 2 425 000	€ 0	€ 1 070 730	
208	4500027631	EU Support to Migration Management in Serbia ĩ Enhancing social cohesion and improving resilience of local communities	€ 1 200 000	€ 0	€ 0	
209	4500028503	Supporting Türkiye's Efforts for Efficient Migration Management	€ 4 000 000	€ 0	€ 1 474 339	

210	4500029552	INDIVIDUAL MEASURE TO STRENGTHEN BORDER MANAGEMENT IN MONTENEGRO	€ 15 000 000	€ 0	€ 1 708 224
211	4500029751	EU Support to Strengthening IBM in Ukraine (EU for Solidarity Lanes and IBM)  Addendum number 1 to the contract	€ 1 600 000	€ 0	€ 1 096 626
212	4500030050	EU Support to Migration Management in Serbia ħ Improving reception capacity, protection services and access to education III	€ 5 000 000	€ 0	€ 0
213	4500034042	Individual measure to strengthen the response capacity to manage migration flows in Bosnia and Herzegovina	€ 39 500 000	€ 0	€ 13 368 124
214	4500034871	European Union Border Assistance Mission to the Republic of Moldova and Ukraine - Resilience Across Borders (EUBAM - Phase 13 part II)	€ 10 000 000	€ 0	€ 3 703 384
215	4500035521	Supporting Protection, Transit, Voluntary and Informed Return and Reintegration of Eastern Partnership Citizens and Third Country Nationals affected by the conflict in Ukraine	€ 15 000 000	€ 0	€ 9 095 774
216	4500036077	Supporting Border and Migration Management at Airports	€ 4 000 000	€ 0	€ 2 404
217	4500036379	Further support to strengthen the response capacity to manage migration flows in North Macedonia	€ 4 000 000	€ 0	€ 0
218	4500037125	ħEU Support to Strengthening IBM in Ukraine (EU for Solidarity Lanes and IBM)ħ	€ 2 900 000	€ 0	€ 2 900 000
219	4500038527	EU Support to Migration Management - Strengthening Migration Management and Border Control	€ 11 300 000	€ 0	€ 0
220	4500040591	EU-Community Stabilisation Programme Phase IV (EU-CSP IV)	€ 4 960 000	€ 0	€ 2 656 191
221	4500041153	Enhancement of the security of Belarus-Ukraine border by contributing to the completion of the border demarcation process, X-ray complex installation and mobile application development	€ 2 247 460	€ 0	€ 1 279 881
222	4500042251	EU 4 Border Security	€ 3 552 000	€ 0	€ 1 121 958
223	4500043054	Border and Migration Management Action for Georgia (BMMAG)	€ 2 650 000	€ 0	€ 397 266
224	4500048745	Support to Integrated Border Management in Georgia	€ 8 200 000	€ 0	€ 1 287 888

225	4500050026	EU Regional Support to Protection-Sensitive Migration Management Systems in the Western Balkans ċ Phase III (contract 3)	€ 5 688 980	€ 0	€ 1 106 905
226	4500052348	prolongation of FDI to do final payment	€ 4 750 000	€ 0	€ 3 646 846
227	4500054550	Supporting Removal Centres' Capacities and Fostering Alternatives to Administrative Detention	€ 3 500 000	€ 0	€ 1 574 525
228	4500101821	Strengthening Management Systems of Irregular Migration and Fight against Organised Crime in the North Macedonia	€ 14 000 000	€ 14 000 000	€ 0
229	4500108210	Sustainable Recovery of the Kryvyi Rih Water Supply System following the Destruction of the Kakhovka Dam	€ 30 000 000	€ 30 000 000	€ 0
230	4500113657	Strengthening civil society organisations in the Republic of Moldova to advance home affairs reforms and EU integration through engagement with the Ministry of Internal Affairs	€ 500 000	€ 500 000	€ 0
231	4500124421	Measure to Strengthen Management Systems of Irregular Migration and Fight Against Organised Crime in Bosnia and Herzegovina 2024	€ 13 500 000	€ 13 500 000	€ 0
232	4500149933	Strengthening the Management of Regular Migration in Türkiye	€ 8 000 000	€ 8 000 000	€ 0
233	4500149936	IOM - Strengthening the Capacity of the Gendarmerie General Command against Migrant Smuggling	€ 5 000 000	€ 5 000 000	€ 0
234	4500149937	Supporting Voluntary Return and Reintegration, and Strengthening National AVRR (NAVRR) Capacities in Türkiye	€ 40 000 000	€ 40 000 000	€ 0
235	4500150582	IOM - Improving the Turkish Coast Guard's Operational Capacity through the Supply of Search and Rescue Boats	€ 58 000 000	€ 58 000 000	€ 0

#### 24. ITF USTANOVA ZA KREPITEV CLOVEKOVE VARNOSTI

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
236	4500021904	EU Support to Land Release on Targeted Mine Suspected Areas in Bosnia and Herzegovina	€ 9 150 000	€ 0	€ 0	Received or will be received with the first payment request

## 25. KONGERIGET DANMARK - PILOT AGENCIES

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
237	4500008504	EU Anti-Corruption Initiative (EUACI) in Ukraine - Phase III	€ 9 500 000	€ 0	€ 2 208 744	Received or will be received with the first payment request
238	4500052093	EU Anti-Corruption initiative - Phase II	€ 14 500 000	€ 0	€ 171 837	

## 26. KONINKRIJK DER NEDERLANDEN - PILOT AGENCIES

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
239	4500025899	Vetting and Justice Reform in the Republic of Moldova	€ 11 270 000	€ 8 000 000	€ 0	Received or will be received with the first payment request

## 27. KREDITANSTALT FUR WIEDERAUFBAU

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
240	4500008845	Reconstruction and rehabilitation of the electricity transmission infrastructure Ukraine	€ 15 400 000	€ 0	€ 0	Global MD 09/02/2026
241	4500013813	Strengthening the vulnerable young by better and inclusive sport and youth infrastructure (part II)	€ 22 500 000	€ 0	€ 0	
242	4500014883	Reconstruction and rehabilitation of the electricity transmission infrastructure Ukraine - Phase II	€ 101 500 000	€ 0	€ 0	
243	4500014891	Municipal Infrastructure Development, Phase II	€ 20 262 000	€ 0	€ 0	
244	4500017763	EU for Water component 3 - Addendum No. 2 to Contract IPA/2019/412-150 EU for a cleaner Environment & Support for Wastewater Treatment, within the "Water Sector Performance and Investment Programme & WPIP"	€ 20 500 000	€ 0	€ 0	

245	4500019781	Education for All in Times of Crisis III (part II)	€ 65 600 000	€ 0	€ 0
246	4500019810	GGF TAF - Top-up	€ 4 000 000	€ 0	€ 0
247	4500019999	Social and Economic Cohesion through Vocational Education - II	€ 60 000 000	€ 0	€ 0
248	4500020882	GGF: Promoting Green Lending in the Western Balkans (II)	€ 24 000 000	€ 0	€ 8 383 226
249	4500022723	Technical Assistance (TA) component of the 'Supporting a market-oriented Green Transformation in the Western Balkans and European Neighbourhood East regions' Programme supported by a Guarantee provided by the EFSD+ to Kreditanstalt für Wiederaufbau (KfW).	€ 13 000 000	€ 0	€ 0
250	4500022911	Empowering the Private Sector to Foster Social and Economic Cohesion in Türkiye - II	€ 70 000 000	€ 0	€ 499 200
251	4500023870	Energy Transmission and Regional Integration Programme Georgia	€ 15 400 000	€ 0	€ 0
252	4500033464	Improved waste management infrastructure - Provision of adequate infrastructure for an integrated waste management system in Pristina, Prizren and Gjilan	€ 13 000 000	€ 0	€ 0
253	4500040467	Programme for Energy Efficiency in Public Buildings in Georgia - KfW part	€ 12 650 000	€ 0	€ 0
254	4500040527	Support of Integration of the Ukrainian Power Grid into the Synchronous Area Continental Europe (CESA)	€ 8 950 000	€ 0	€ 1 647 369
255	4500040645	GGF L Shares for Georgia: Promoting Green Local Currency Lending	€ 10 355 000	€ 0	€ 0
256	4500041020	Water Supply and Sanitation in Rural and Semi Urban Communities of Adjara	€ 7 360 000	€ 0	€ 0
257	4500041100	Georgian Energy Sector Reform (GESR)	€ 8 800 000	€ 0	€ 1 087 698
258	4500041175	2018 NIP decision share - Green for Growth - Extension to Neighbourhood East II	€ 5 162 849	€ 0	€ 0
259	4500041182	EU4Business - The EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (EFSE)	€ 50 320 000	€ 0	€ 0
260	4500041421	EU4MOLDOVA: Clean Water for Cahul	€ 10 900 000	€ 0	€ 0
261	4500043567	Nearly zero energy buildings in Serbia	€ 4 500 000	€ 0	€ 0

262	4500043964	Municipal Infrastructure Development	€ 15 446 000	€ 0	€ 3 484 456
263	4500044773	Dummy contract EU4MOLDOVA: Clean Water for Cahul	€ 3 000 000	€ 0	€ 0
264	4500045791	Strengthening the vulnerable young by better and inclusive sport and youth infrastructure	€ 25 000 000	€ 0	€ 20 086 210
265	4500046117	Communal Infrastructure Program (CIP)	€ 15 390 000	€ 0	€ 657 939
266	4500046135	Improvement of water supply systems in rural areas, Albania	€ 10 000 000	€ 0	€ 1 870 325
267	4500046801	Programme for Modernization and Rehabilitation of Municipal Infrastructure	€ 3 150 000	€ 0	€ 0
268	4500046804	Caucasus Transmission Network, Stage 1	€ 10 350 000	€ 0	€ 0
269	4500047026	ADDENDUM 2 to ENI/2019/411-771	€ 32 895 000	€ 0	€ 0
270	4500048004	Eastern Partnership SME Finance Facility - Phase II KfW	€ 5 200 000	€ 0	€ 0
271	4500048380	EFSE ¿ Promoting MSE Recovery and Competitiveness	€ 10 000 000	€ 0	€ 20 000
272	4500048387	EFSE ¿ Promoting MSE Recovery and Competitiveness	€ 8 000 000	€ 0	€ 1 850 000
273	4500048570	Contribution Agreement ¿Promoting green lending in the Western Balkans¿ in the frame of the ¿Green for Growth Fund¿	€ 10 000 000	€ 0	€ 20 000
274	4500048970	Education for all in times of crisis II	€ 205 000 000	€ 0	€ 0
275	4500049654	EU for a cleaner Environment ¿ Support for Wastewater Treatment, within the "Water Sector Performance and Investment Programme ¿ WPIP"	€ 24 100 000	€ 0	€ 0
276	4500050406	Preparation of Biomass District Heating Investments in Serbia	€ 1 000 000	€ 0	€ 0
277	4500052008	Extension of the Georgian Transmission Network	€ 10 360 000	€ 0	€ 0
278	4500052096	Education for All in Times of Crisis III	€ 100 000 000	€ 0	€ 0
279	4500052512	Social and Economic Cohesion through Vocational Education - II	€ 75 000 000	€ 0	€ 13 275 554
280	4500054321	EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	€ 50 000 000	€ 0	€ 1 304 711

281	4500054361	EFSE ĳ EU4Business: Local Currency Lending to MSEs in the Eastern Partnership	€ 39 921 000	€ 0	€ 30 000
282	4500054389	EU4Skills: Modernisation of Vocational Education and Training Infrastructure in Ukraine	€ 21 000 000	€ 0	€ 6 606 202
283	4500054497	Empowering the Private Sector to Foster Social and Economic Cohesion in Turkey	€ 75 000 000	€ 0	€ 22 068 157
284	4500074201	Green for Growth Fund ĳ Promoting Green Lending in Ukraine	€ 56 050 000	€ 0	€ 0
285	4500074225	EFSE ĳ Ukraine Sub-Fund	€ 56 050 000	€ 0	€ 0
286	4500089703	Not_Available	€ 0	€ 300 000 000	€ 0
287	4500122959	Caucasus Transmission Network Phase II	€ 15 488 000	€ 15 488 000	€ 0
288	4500149077	Not_Available	€ 0	€ 135 000 000	€ 0
289	4500150406	Technical Assistance component of the ĳGreen Transitionĳ programme	€ 7 500 000	€ 7 500 000	€ 0
290	4500150603	Technical Assistance component of the ĳMSME Guarantee Platform (MGP)ĳ EFSD+ programme	€ 6 400 000	€ 6 400 000	€ 0

## 28. LATVIJAS REPUBLIKA - COMMISSION REPUBLIQUE DE LETTONIE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
291	4500149600	EU4Market Surveillance and Consumer Protection	€ 2 000 000	€ 2 000 000	€ 0	Received or will be received with the first payment request

## 29. MINISTERIE VAN BUITENLANDSE ZAKEN

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
292	4500115120	EU support to the Western Balkans return mechanisms	€ 5 000 000	€ 5 000 000	€ 0	Received or will be received with the first payment request

### 30. MINISTERO DELL'INTERNO

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
293	4500099551	EU for Law Enforcement in Albania (Second Phase)	€ 9 700 000	€ 9 700 000	€ 0	Received or will be received with the first payment request
294	4500121982	European Union for Law Enforcement in Montenegro- EU4LEM	€ 3 000 000	€ 3 000 000	€ 0	

### 31. MINISTERSTVO ZAHRANICNICH VECI

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
295	4500110590	Sustainable food systems - production	€ 4 500 000	€ 4 500 000	€ 0	Received or will be received with the first payment request

### 32. NEDERLANDSE FINANCIERINGS-MAATSCHAP PIJ VOOR ONTWIKKELINGSLANDEN NV

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
296	4500150644	Technical Assistance component of the ħNasira+ħ Guarantee Programme	€ 3 375 000	€ 3 375 000	€ 0	Received or will be received with the first payment request

### 33. NORDIC ENVIRONMENT FINANCE CORPORATION

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
297	4500027381	Repair of critical infrastructure, Ukraine	€ 75 000 000	€ 0	€ 9 352 939	Received or will be received with the first payment request
298	4500036214	ħHousing for internally displaced persons (IDPs), and rehabilitation of liberated cities in Ukraine, Component IIħ	€ 36 161 113	€ 0	€ 6 966 090	
299	4500037104	ħHousing for internally displaced persons (IDPs) and rehabilitation of liberated cities in Ukraineħ	€ 4 995 458	€ 0	€ 0	

300	4500043262	EU Support to Urgent Housing Needs for IDPs in Ukraine	€ 19 400 000	€ 0	€ 0
301	4500043556	Ukraine Energy Efficiency in Small and Amalgamated Municipalities	€ 7 050 000	€ 0	€ 0
302	4500049512	Ukraine Water System Modernisation	€ 5 350 000	€ 0	€ 0
303	4500149134	Second phase of the (public sector) NEFCO Green Recovery Programme for Ukraine	€ 46 030 000	€ 46 030 000	€ 0

#### 34. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
304	4500012679	Strengthening the Fight Against Corruption in EU Eastern Partnership Countries	€ 3 500 000	€ 0	€ 0	Received or will be received with the first payment request
305	4500014918	OECD Economic Survey of Ukraine	€ 400 000	€ 0	€ 400 000	
306	4500016261	EU4 Good Governance: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Türkiye	€ 12 000 000	€ 0	€ 0	
307	4500019643	Support for the review of Moldova's school curriculum	€ 300 000	€ 0	€ 0	
308	4500027447	Supporting the Ministry of Justice and Justice Sector Reforms in the Republic of Moldova	€ 1 500 000	€ 0	€ 562 300	
309	4500031157	Improving regulatory policy making in Georgia	€ 500 000	€ 0	€ 0	
310	4500034981	EU Support to Competitiveness and Sustainability in the Western Balkans and Turkey	€ 8 000 000	€ 0	€ 1 873 277	
311	4500054191	EU4Business: from Policies to Action phase 2	€ 2 900 000	€ 0	€ 1 217 090	
312	4500102091	EU4Business: Empowering Trade and Competitiveness in EaP countries	€ 13 000 000	€ 13 000 000	€ 0	
313	4500138564	Support for Improvement in Governance and Management (SIGMA) Neighbourhood East	€ 5 500 000	€ 5 500 000	€ 0	
314	4500145998	Promoting the Clean Energy Transition and Connectivity in the Eastern Partnership countries: EU4Energy Phase III - IEA	€ 3 500 000	€ 3 500 000	€ 0	

#### 35. ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
315	4500013730	Stronger democratic institutions in Eastern Partnership countries: an ODIHR project supported and funded by the EU	€ 5 835 931	€ 0	€ 0	Received or will be received with the first payment request
316	4500019590	Strengthening Freedom of Expression and Freedom of Media in Serbia	€ 1 500 000	€ 0	€ 0	
317	4500048976	Strengthening Freedom of Expression and Quality Journalism in the Digital Environment in Serbia	€ 321 000	€ 0	€ 118 657	
318	4500052123	Support for Victims and Witnesses of Crime in Serbia	€ 1 454 973	€ 0	€ 218 352	
319	4500053312	Support to Electoral Reforms in the Western Balkans	€ 1 500 000	€ 0	€ 410 723	
320	4500054490	Supporting a More Effective Administration of Justice in Corruption and Organised Crime Cases in the Western Balkans through Trial Monitoring	€ 12 365 906	€ 0	€ 1 706 902	
321	4500134600	Enhancing Electoral Reform in the Western Balkans	€ 1 500 000	€ 1 500 000	€ 0	

### 36. PERMANENT SECRETARIAT OF THE TRANSPORT COMMUNITY

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
322	4500038206	Preparatory activities to support progressive involvement of Georgia, the Republic of Moldova and Ukraine in the activities of Transport Community	€ 135 257	-€ 32 018	€ 0	Received or will be received with the first payment request

### 37. REPUBBLICA ITALIANA - PILOT AGENCIES

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
323	4500015310	EU4 Public Order	€ 1 995 665	€ 0	€ 0	Received or will be received with the first payment request

### 38. SLOVENSKA AGENTURA PRE MEDZINARODNU ROZVOJOVU SPOLUPRACU

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
324	4500039862	EU Support for Local Media Outlets in the Republic of Moldova	€ 967 562	-€ 30 722	€ 0	Received or will be received with the first payment request

### 39. SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY SIDA

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
325	4500039570	EU for better municipal governance - DEMOS III Contribution agreement with Sida	€ 13 000 000	€ 0	€ 0	Received or will be received with the first payment request
326	4500054631	EU4Moldova:Start-up city Cahul	€ 6 800 000	€ 0	€ 0	

### 40. THE BRITISH COUNCIL ROYAL CHARTER

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
327	4500042370	EU Scheme for Young Professionals in Bosnia and Herzegovina	€ 1 498 953	€ 0	€ 1 341 098	Global MD 09/02/2026

### 41. THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
328	4500012858	Inclusive, Competitive and Sustainable Value Chain Development and hand-over of the State Agrarian Register with additional modules	€ 3 750 000	€ 0	€ 0	Received or will be received with the first payment request
329	4500026532	Sustainable rural development for improved livelihoods in less developed regions of Azerbaijan	€ 5 000 000	€ 0	€ 0	
330	4500038204	Inclusive, Competitive and Sustainable Value Chain Functioning and Development	€ 5 750 000	€ 0	€ 903 360	

		in agriculture, fisheries and forestry (ICSDAFF)				
331	4500043780	Support to the Food Safety and Sanitary & PhytoSanitary (SPS) Sector in Georgia under ENPARD IV (European Neighbourhood Programme for Agriculture and Rural Development in Georgia Phase IV)	€ 9 000 000	€ 0	€ 2 295 970	
332	4500044758	Support to strengthening sustainable and multipurpose forest management to improve rural livelihoods and address climate change in Kosovo	€ 1 500 000	€ 0	€ 526 227	
333	4500046307	Enhancing land consolidation in North Macedonia	€ 1 000 000	€ 0	€ 0	
334	4500046471	Addendum No 1 to contract Strengthening Disaster Resilience in Agriculture	€ 2 500 000	€ 0	€ 0	
335	4500047505	Development of sustainable and inclusive local agri-food systems in north-west region of Azerbaijan	€ 1 127 632	-€ 72 368	€ 699 683	
336	4500054391	Inclusive, competitive and sustainable value chain development in agriculture, fisheries and forestry	€ 13 000 000	€ 0	€ 2 448 257	
337	4500109485	EU for Sustainable Agriculture and Rural Development (pesticides)- Enhanced national capacities for sound management of pesticides in the Republic of Serbia	€ 1 000 000	€ 1 000 000	€ 0	

#### 42. THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
338	4500008338	Supporting Türkiye's Efforts to Strengthen Border Management at the Eastern and South Eastern Land Borders	€ 270 000 000	€ 50 000 000	€ 0	Received or will be received with the first payment request
339	4500020419	Strengthening Law Enforcement Capacities in Bosnia and Herzegovina to Fight Organised Crime	€ 10 500 000	€ 0	€ 0	
340	4500023416	Enhancement of Entrepreneurship Capacities for Further Sustainable Socio-Economic Integration (ENHANCER PRO)	€ 70 000 000	€ 0	€ 0	
341	4500024810	Support to Reorganization of the Migration and Citizenship Services	€ 1 150 000	€ 0	€ 194 774	
342	4500027535	EU Support to Strengthening IBM in Ukraine & Resilience (EU4IBM-Resilience)	€ 20 500 000	€ 0	€ 0	

343	4500038051	Strengthening Development Impact of Migration in Georgia (STREAMinG) Phase II	€ 1 900 000	€ 0	€ 630 397
344	4500039859	Extension of the multi-purpose reception centre at Lipa	€ 493 037	-€ 6 963	€ 0
345	4500041243	Enhancement of Entrepreneurship Capacities for Sustainable Socio-Economic Integration (ENHANCER)	€ 32 502 249	€ 0	€ 0
346	4500046716	Drafting of a National IBM Strategy and Updating of the "National Action Plan to Implement Turkey's IBM Strategy" (EU4IBMTR)	€ 2 000 000	€ 0	€ 0
347	4500048500	EU4IBM EU Support to Strengthen IBM in Ukraine	€ 4 966 873	-€ 33 127	€ 0
348	4500049092	EU for Increasing Migrants' Potential to Act for Development of Armenia	€ 3 311 993	-€ 188 007	€ 1 487 525
349	4500049158	Supporting the Institutional Capacity of the National Coordination and Joint Risk Analysis Centre (NACORAC)	€ 1 200 000	€ 0	€ 0
350	4500051849	Support to the Implementation of the Mobility Partnership with Azerbaijan (MOBILAZE 2)	€ 2 640 876	-€ 359 124	€ 0
351	4500105312	Technical Assistance to Further Strengthen Border and Migration Management in Albania - EU4SAFEALB (Phase II)	€ 5 200 000	€ 5 200 000	€ 0
352	4500136974	European Union Support to Border Management of Bosnia and Herzegovina	€ 5 000 000	€ 5 000 000	€ 0

#### 43. THE INTERNATIONAL RESIDUAL MECHANISM FOR CRIMINAL TRIBUNALS

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
353	4500079065	Enhancing War Crimes Accountability in the Western Balkans	€ 3 000 000	€ 0	€ 1 029 667	Received or will be received with the first payment request

#### 44. UDENRIGSMINISTERIET

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
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354	4500135758	EU4Reconstruction: Citizen-oriented reforms and regulations for rebuilding Ukraine. Stream 2	€ 7 500 000	€ 7 500 000	€ 0	Received or will be received with the first payment request
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#### 45. UMWELTBUNDESAMT GESELLSCHAFT MIT BE SCHRANKTER HAFTUNG (UBA GMBH)

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
355	4500012131	Water and Health for Georgia	€ 4 998 540	€ 0	€ 0	Received or will be received with the first payment request
356	4500012869	EU4Green Recovery East	€ 21 300 000	€ 0	€ 0	
357	4500049894	EU4 Green Recovery: Support the implementation of the Green Agenda for the Western Balkans	€ 10 000 000	€ 0	€ 3 204 435	

#### 46. UNITED NATIONS CHILDREN'S FUND FONDS DES NATIONS UNIES POUR L'ENFA

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
358	4500009450	Quality Education for All Children in Montenegro	€ 1 000 000	€ 0	€ 342 844	Audit 2018
359	4500014229	Better Care: Pathways for Child Care Reform in Ukraine	€ 12 000 000	€ 0	€ 0	
360	4500016031	Human Rights for All : Realization of Child Rights to Family, Justice, and Adequate Standard of Living	€ 2 500 000	€ 0	€ 0	
361	4500022003	Strengthened social, child protection and education systems in BiH to provide inclusive services and prevent institutionalization	€ 6 320 000	€ 0	€ 618 258	
362	4500023587	EU4Education Reforms in Armenia	€ 2 000 000	€ 0	€ 349 906	
363	4500025832	Stronger Civil Society for Stronger Accountability on Child Rights in Türkiye: Improving Monitoring, Engagement and Advocacy at Central and Local Levels	€ 6 000 000	€ 0	€ 0	
364	4500027459	Advancing Quality Education and Lifelong Learning Opportunities for All	€ 10 400 645	€ 0	€ 520 230	
365	4500027709	Support to the Multiple Indicator Cluster Survey and National Statistics Capacity Building in Azerbaijan	€ 1 500 000	€ 0	€ 1 323 761	

366	4500029193	Building a resilient social protection system in Armenia	€ 5 200 000	€ 0	€ 744 267
367	4500032495	Digital Ecosystem for Teacher Training	€ 3 700 000	€ 0	€ 726 681
368	4500033805	Improving Foster Care System in Türkiye	€ 5 180 000	€ 0	€ 2 104 976
369	4500034654	Improving the Capacity of Lawyers and Bar Associations on Promotion, Protection and Monitoring of Children's Rights	€ 2 920 000	€ 0	€ 247 917
370	4500037902	Strengthening the child protection and social protection systems in Azerbaijan	€ 1 100 000	€ 0	€ 523 366
371	4500038312	EU-UNICEF partnership to strengthen national child protection system for prevention and protection of children from all forms of violence and exploitation	€ 287 990	€ 0	€ 287 990
372	4500050319	Protecting vulnerable children in Kosovo	€ 2 200 000	€ 0	€ 0
373	4500051821	Enhanced Equal Access to and Completion of Pre-University Education for Children in Need of Additional Support in Education	€ 4 499 821	€ 0	€ 125 892
374	4500052597	Joint EU-UNICEF project on strengthening systems and services for child protection in Georgia	€ 2 000 000	€ 0	€ 1 066 830
375	4500054728	Strengthening health system resilience and response to the COVID-19 pandemic and epidemiological treats	€ 1 047 223	-€ 72 777	€ 0
376	4500103267	Elimination of Child Labour Through the Development of Joint Cooperation	€ 10 000 000	€ 10 000 000	€ 0
377	4500120283	Protective and Restorative Approaches for Children in Judicial Processes	€ 4 000 000	€ 4 000 000	€ 0
378	4500138379	Promoting Children's Access to Justice in the Republic of Serbia	€ 1 500 000	€ 1 500 000	€ 0
379	4500149095	Strengthening Moldova's education system for the most disadvantaged children	€ 600 000	€ 600 000	€ 0

#### 47. UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
380	4500049925	EU4Business support to CEFTA for NTM monitoring and reporting and support to the implementation of the CEFTA Dispute Settlement Mechanism	€ 1 700 000	€ 0	€ 563 461	Received or will be received with the first payment request

#### 48. UNITED NATIONS DEVELOPMENT PROGRAMM E

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
381	4500009541	Strengthening capacities for increasing energy efficiency in residential sector in Montenegro	€ 500 000	€ 0	€ 243 956	Audit 2023
382	4500010318	United in Gender Equality	€ 500 000	€ 0	€ 0	
383	4500016904	Supporting Capacity of CSOs in the field of Climate Change and Biodiversity	€ 4 000 000	€ 0	€ 101 891	
384	4500020291	ATHENA: Advancing the Human Rights Agenda and Enhancing National Authorities	€ 2 300 000	€ 0	€ 597 204	
385	4500020364	Regional Programme on Local Democracy in the Western Balkans 3 (ReLOaD3)	€ 10 750 000	€ 0	€ 0	
386	4500020708	EU4Youth "Supporting the Employability of Young Boys and Girls not in Employment, Education or Training"	€ 2 000 000	€ 0	€ 165 814	
387	4500024494	Mayors for Economic Growth - Phase III	€ 8 000 000	€ 0	€ 0	
388	4500027047	European Union Confidence Building Measures Programme - Phase 6 (2023 - 2027)	€ 5 000 000	€ 1 000 000	€ 2 326 167	
389	4500031500	EU4Recovery & Empowering Communities in Ukraine	€ 35 000 000	€ 0	€ 0	
390	4500033487	EU partnership for local Climate Action in Türkiye	€ 7 500 000	€ 0	€ 0	
391	4500033674	Today's Youth, Future Jobs	€ 7 900 000	€ 0	€ 2 618 094	
392	4500037911	Strengthened Civic Engagement for Enhanced Democratic Local Governance in Türkiye	€ 6 000 000	€ 0	€ 1 333 038	
393	4500038329	Enabling an Inclusive Green Transition in the Republic of Moldova	€ 10 000 000	€ 0	€ 1 168 346	
394	4500038804	EU-UNDP Technical Assistance to the Final Beneficiaries of the EIB Early Recovery and Ukraine Recovery Programmes	€ 5 000 000	€ 0	€ 2 331 632	
395	4500040130	Reform of National Disability Determination System	€ 1 000 000	€ 0	€ 406 381	
396	4500045282	Regional Programme on Local Democracy in the Western Balkans 2 (ReLOaD2)	€ 11 350 000	€ 0	€ 0	

397	4500045331	Support for enhancing the fight against the illegal possession, misuse and trafficking of small arms and light weapons (SALW) in the Western Balkans	€ 4 996 577	€ 0	€ 0
398	4500048513	EU Support to the East of Ukraine: Recovery, Peacebuilding and Governance	€ 56 265 624	-€ 234 376	€ 0
399	4500049280	Local Empowerment of Actors for Development (LEAD) in Lori and Tavush regions	€ 6 603 283	€ 0	€ 1 363 550
400	4500049505	European Union for Improving Environmental Monitoring in the Black Sea ç EU4EMBLAS	€ 2 000 000	€ 0	€ 0
401	4500053567	E-services and digital infrastructure as COVID-19 response measure	€ 1 900 000	€ 0	€ 1 897 689
402	4500067451	EU4Moldova: focal regions	€ 22 800 000	€ 0	€ 0
403	4500067613	EU Support to Agriculture Competitiveness and Rural Development in Bosnia and Herzegovina (EU4AGRI)	€ 20 000 000	€ 0	€ 0
404	4500067880	EU for Prespa - EU for Infrastructure Improvements in the Prespa area	€ 10 602 500	€ 0	€ 548 242
405	4500067884	EU for Serbia: Support to civil protection and disaster resilience strengthening in the Republic of Serbia	€ 14 099 996	€ 0	€ 0
406	4500067996	Joint EU-UNDP Civil Society Support Programme Phase III	€ 2 000 000	€ 0	€ 1 225 203
407	4500068139	EU for Nature (to support Albania in achieving Natura2000 standards and protect biodiversity in Protected Areas).	€ 5 500 000	€ 0	€ 222 519
408	4500068283	VET for the future: development of VET providers' excellence in Azerbaijan	€ 5 600 000	€ 0	€ 0
409	4500068512	European Union Support for Energy Poverty Mitigation and Energy Efficiency Improvement Capacities in Bosnia and Herzegovina	€ 953 905	€ 0	€ 0
410	4500068563	EU4schools (Phase II)ç post earthquake recovery in the educational sector	€ 60 000 000	€ 0	€ 8 889 984
411	4500068665	Developing innovation-driven and sustainable civil society in Azerbaijan	€ 2 941 039	-€ 58 961	€ 2 345 008
412	4500068729	EU4Dialogue: Support to Conflict Transformation in the South Caucasus and the Republic of Moldova	€ 9 000 000	€ 0	€ 0
413	4500068783	Mayors for Economic Growth Facility	€ 11 800 000	€ 0	€ 0

414	4500069079	Inclusive Access to Markets	€ 5 000 000	€ 0	€ 452 063
415	4500069279	EU Reform Facility - Acceleration Fund Montenegro	€ 2 000 000	€ 0	€ 0
416	4500069352	Stronger Parliamentary Institutions in Georgia	€ 750 000	€ 0	€ 0
417	4500069383	EU for Prespa - Restoration of natural resources and enhancing sustainable agriculture and tourism	€ 2 780 000	€ 0	€ 221 676
418	4500069445	Air Quality for Better Citizen's Health	€ 4 000 000	€ 0	€ 0
419	4500069566	Advancing Decentralized, Effective and Inclusive Governance in Georgia	€ 2 000 000	€ 0	€ 498 042
420	4500069584	Cultural Heritage as a Driver for Economic Revival of Janjevë/Janjevo	€ 1 999 991	€ 0	€ 544 341
421	4500069586	Joint EU-UN Programme for Rural Development in Abkhazia, Phase III (ENPARD IV)	€ 1 750 000	€ 0	€ 0
422	4500069599	EU for Green Agenda in Serbia: Get Started, Take Action, Scale-up	€ 7 200 000	€ 0	€ 0
423	4500069715	DUMMY Technical contract for payment of interest on contract 416-147 (SV-Grant)	€ 248	€ 0	€ 248
424	4500069809	European Union Support to Sustainable Management of Water Services in Bosnia and Herzegovina (EU4MEG)	€ 1 900 000	€ 0	€ 1 498 722
425	4500069863	EU support to confidence-building in the Western Balkans	€ 8 500 000	€ 1 500 000	€ 2 005 764
426	4500069893	Support to the Rural Development in Georgia	€ 2 250 000	€ 0	€ 0
427	4500070102	EU for Enabling a More Responsive Healthcare System	€ 12 000 000	€ 0	€ 7 528 248
428	4500070105	¿EU Public Finance Management Facility¿	€ 13 500 000	€ 0	€ 0
429	4500070116	Expanding Opportunities for Women's Engagement in the Private Sector	€ 1 000 000	€ 0	€ 0
430	4500070267	EU4 Gender Equality ¿ Women's Economic Empowerment and Ending Violence Against Women	€ 6 223 000	€ 0	€ 0
431	4500070285	Integration through Employment Support in Urban and Rural Environments (INSURE)	€ 72 500 000	€ 0	€ 0
432	4500070300	Developing Social Entrepreneurship Ecosystem in Azerbaijan	€ 1 500 000	€ 0	€ 0
433	4500070332	European Union Confidence Building Measures Programme V (2019-2024)	€ 13 400 000	€ 0	€ 1 840 517

434	4500070338	EU innovative action for private sector competitiveness in Georgia	€ 5 000 000	€ 0	€ 24 766
435	4500070343	Human Rights for All - Phase 3	€ 2 800 000	€ 0	€ 0
436	4500070347	Multi-country assessment of the socio-economic vulnerabilities of Roma in Western Balkans and Türkiye	€ 1 756 000	€ 0	€ 0
437	4500070414	Community-based Climate Change Resilience and Green Transition	€ 570 445	€ 0	€ 0
438	4500070493	Multi-country Survey by UNDP on the socio-economic vulnerabilities of Roma in Georgia, Moldova and Ukraine	€ 1 000 000	€ 0	€ 0
439	4500100893	Support to immediate recovery from the 2024 floods in Bosnia and Herzegovina	€ 20 000 000	€ 20 000 000	€ 0
440	4500111386	EU4Recovery - Empowering Communities in Ukraine (cost extension)	€ 1 000 000	€ 1 000 000	€ 0
441	4500111678	Green, Inclusive and Circular Economy: Waste Reduction and Recycling for Citizen's Health	€ 4 000 000	€ 4 000 000	€ 0
442	4500118484	Addendum n°1 Human Rights for All - Third Phase (top up rider to MPCA ref. NDICI-GEO-NEAR 2024 / 458-826 PC-35907)	€ 1 412 500	€ 1 412 500	€ 0
443	4500119931	EU4Energy Efficiency	€ 6 000 000	€ 6 000 000	€ 0
444	4500121103	AEGIS: Accountable, Effective and Gender-responsive Institutional Systems for Policing and Rescue Service in Armenia	€ 4 500 000	€ 4 500 000	€ 0
445	4500127525	Responsible Business, Resilient Civil Society	€ 2 000 000	€ 2 000 000	€ 0
446	4500134114	Promoting agricultural development and quality employment for the most vulnerable	€ 3 000 000	€ 3 000 000	€ 0
447	4500145022	Advancing Reforms for Transparent and Inclusive Management of Electoral Systems in Armenia - ARTEMIS	€ 1 500 000	€ 1 500 000	€ 0
448	4500145528	Joint EU-UNDP Initiative for Lasting and Inclusive Peace- Phase II (FLIP II)	€ 3 000 000	€ 3 000 000	€ 0
449	4500147125	Social cohesion and inclusion support for refugees in Türkiye	€ 40 000 000	€ 40 000 000	€ 0
450	4500149860	Support for enhancing the fight against the illegal possession, misuse and trafficking of small arms and light weapons in the Western Balkans (Phase II)	€ 6 999 737	€ 6 999 737	€ 0
451	4500150226	EU4Recovery - Phase II	€ 50 000 000	€ 50 000 000	€ 0

#### 49. UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
452	4500011630	Holocaust Remembrance in the Western Balkans	€ 1 500 000	€ 0	€ 0	Received or will be received with the first payment request
453	4500018395	Preserving Ukraine's Jewish documentary heritage, honouring collective memory, enhancing knowledge and access to archives while promoting intercultural dialogue	€ 2 200 000	€ 0	€ 0	
454	4500018655	Support for the Development of the National Strategy for Culture 2030 in Moldova and its Implementation Programme	€ 200 000	€ 0	€ 200 000	
455	4500034344	Building Trust in Media in South East Europe: Support to Journalism as a Public Good	€ 3 000 000	€ 0	€ 0	
456	4500041986	Diagnosis of the education systems in the Western Balkans 6	€ 339 944	-€ 660 056	€ 0	
457	4500139959	Harnessing culture and creativity for sustainable development in Bosnia and Herzegovina	€ 8 500 000	€ 8 500 000	€ 0	

#### 50. UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
458	4500019120	EU for Gender Equality II - Gender Equality Facility in Albania	€ 2 000 000	€ 0	€ 0	Global MD 20/02/2026
459	4500026050	EU4GenderEquality: Together against gender stereotypes and gender-based violence in the EaP countries - phase II	€ 5 000 000	€ 0	€ 0	
460	4500027363	Ending Violence, Expanding Livelihood Opportunities for Women and Accelerating Gender Governance in Moldova (EVOLVE4GE)	€ 5 000 000	€ 0	€ 680 859	
461	4500028877	Gender Equality Facility	€ 1 500 000	€ 0	€ 0	
462	4500029102	Gender equality for Georgia	€ 1 500 000	€ 0	€ 505 232	
463	4500032791	Strong Civic Space for Equality and Women's Empowerment - Phase II	€ 5 000 000	€ 0	€ 0	

464	4500049790	EU4Gender Equality: Challenging gender stereotypes and practices in the EaP countries	€ 7 500 000	€ 0	€ 1 633 891	
465	4500051879	¿Strengthening civil society capacities and multi-stakeholder partnerships to advance women¿s rights and gender equality in Turkey¿	€ 4 300 000	€ 0	€ 2 406 331	
466	4500118446	GENDER AND SOCIAL ASSISTANCE PROGRAMME	€ 7 500 000	€ 7 500 000	€ 0	
467	4500149634	Gender Equality Facility (GEF) in Ukraine	€ 1 000 000	€ 1 000 000	€ 0	

## 51. UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
468	4500038279	EU Regional Support to Protection-Sensitive Migration Management Systems in the Western Balkans ¿ Phase III (contract 4)	€ 2 611 020	€ 600 000	€ 653 661	Audit 2016
469	4500042727	Reinforcing Effectiveness of National Asylum Procedures in Compliance with International Principles and National Legislation	€ 3 000 000	€ 0	€ 0	
470	4500120841	Strengthening of national mechanisms for voluntary, safe, dignified and orderly returns to Syria	€ 95 000 000	€ 95 000 000	€ 0	
471	4500146055	Supporting Türkiye¿s International and Temporary Protection Processes	€ 60 000 000	€ 60 000 000	€ 0	

## 52. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
472	4500033179	Improving the standards compliance through increased national capacities for residue monitoring	€ 4 000 000	€ 0	€ 0	Global MD 2/02/2026
473	4500041151	Support to Quality Infrastructure in Armenia	€ 4 000 000	€ 0	€ 505 317	

## 53. UNITED NATIONS INTERREGIONAL CRIME AND JUSTICE RESEARCH INSTITUTE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
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474	4500014930	Support to Eastern Partnership Countries to Enhance Asset Recovery II	€ 1 000 000	€ 0	€ 0	Received or will be received with the first payment request
475	4500045330	Support to EU Eastern Partnership Countries to Enhance Asset Recovery	€ 1 500 000	€ 0	€ 378 708	

#### 54. UNITED NATIONS OFFICE AT GENEVA ICE DES NATIONS UNIES A GENEVE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
476	4500049819	Development and Implementation of NTCS system of Georgia Revenue Service	€ 1 000 000	€ 0	€ 480 778	Received or will be received with the first payment request

#### 55. UNITED NATIONS OFFICE FOR PROJECT S ERVICES

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
477	4500010409	Special Measure on Migration in Montenegro - Automatic Data Exchange System	€ 2 000 000	€ 0	€ 0	Global MD 05/02/2026
478	4500013912	Further developed and enforced models for ITD	€ 3 000 000	€ 0	€ 0	
479	4500014844	Support to the Rule of Law through digital transformation: Advancing Case Management and Business Intelligence capabilities in Albania	€ 7 500 000	€ 0	€ 0	
480	4500021554	Enhancing capacities and preparedness of Montenegro's judiciary for EU Integration	€ 2 000 000	€ 0	€ 0	
481	4500029604	Small Pond of OHIS Industrial Site Clean-up	€ 2 500 000	€ 0	€ 1 600 112	
482	4500033166	EU for Clean Air	€ 10 000 000	€ 0	€ 3 636 367	
483	4500038598	Support to the Rule of Law and Fundamental Rights Sector - Application of Unique Information System of Judiciary	€ 2 100 000	€ 0	€ 588 826	
484	4500040813	EU4Culture Post-earthquake rehabilitation of damaged cultural heritage sites	€ 40 000 000	€ 0	€ 9 874 222	

485	4500041455	Contribution Agreement between the EC and UNOPS for Construction of the Faculty of Mathematics and Natural Sciences (FMNS) of the University of Pristina (UP)	€ 11 900 000	€ 0	€ 3 591 356
486	4500044919	Technical capacity facility for the implementation of Action Plans for Chapters 23 and 24	€ 5 000 000	€ 0	€ 0
487	4500046902	EU support to social housing and active inclusion - addendum no 2	€ 7 000 000	€ 0	€ 0
488	4500048370	European Union for Local Development Programme - EU PRO Plus Addendum 1	€ 10 000 000	€ 0	€ 0
489	4500052830	European School in Georgia	€ 9 400 000	€ 0	€ 1 757 163
490	4500053376	European Union for Local Development Programme - EU PRO Plus	€ 30 000 000	€ 0	€ 0
491	4500126170	EU for Property Rights	€ 9 500 000	€ 9 500 000	€ 0
492	4500143501	Support to the Serbian Ministry of Interior for Enhancing Green and Blue Border Surveillance	€ 11 000 000	€ 11 000 000	€ 0

## 56. UNITED NATIONS ORGANISATION ORGANISATION DES NATIONS UNIES

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
493	4500009008	Empowering civil society and protecting vulnerable groups in Azerbaijan.	€ 3 030 000	€ 0	€ 0	Received or will be received with the first payment request
494	4500010313	Support to the Work of the UN Human Rights Monitoring Mission in Ukraine in Response to the International Armed Conflict in Ukraine	€ 5 000 000	€ 0	€ 0	
495	4500013502	Comprehensive Research for the Implementation of Cervical, Breast, Colorectal and Prostate Cancer Prevention Program (UNFPA, WHO)	€ 900 000	€ 0	€ 0	
496	4500014459	EU4Reconciliation: Further increasing war crimes accountability and supporting reconciliation in the Western Balkans	€ 3 000 000	€ 0	€ 1 000 000	
497	4500015206	EU and UNODC Joint Action Promoting Rule of Law and Good Governance through targeted Border Control Measures at Ports and Airports in South-Eastern Europe (Phase II)	€ 4 500 000	€ 0	€ 664 404	

498	4500024387	Development and Implementation of the National Transit System (NTS) of the Customs Service of the Republic of Moldova, compatible with NCTS Phase 5 (NCTS-NTS)	€ 1 186 119	€ 0	€ 200 682
499	4500025494	WE Act2 - Women Empowerment Action	€ 987 423	-€ 12 577	€ 987 423
500	4500025857	Strengthening the rights of minorities in the Republic of Moldova	€ 800 000	€ 0	€ 319 796
501	4500032114	Support to the National Bureau of Statistics to conduct the 2024 Population and Housing Census	€ 2 000 000	€ 0	€ 0
502	4500036017	Building sustainable apparel and agribusiness value chains in Armenia	€ 2 000 000	€ 0	€ 0
503	4500042348	Support to Advancing Technical Capacities for Ensuring Human Security	€ 6 500 000	€ 0	€ 1 208 813
504	4500048899	Regional Programme for South Eastern Europe (XCEU60) ħ EU and UNODC joint Action promoting rule of law and good governance through targeted border control measures at ports and airports	€ 4 219 399	-€ 230 601	€ 0
505	4500050250	Protecting human rights of vulnerable groups in Azerbaijan	€ 2 000 000	€ 0	€ 1 071 037
506	4500110374	Top-up Building sustainable apparel and agribusiness value chains in Armenia	€ 1 500 000	€ 1 500 000	€ 0
507	4500138065	Strengthening the Rights of Minorities in the Republic of Moldova (Phase II)	€ 750 000	€ 750 000	€ 0

## 57. UNITED NATIONS POPULATION FUND DES NATIONS UNIES POUR LA POPULATION

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
508	4500009906	Enhancing resilience of women and girls affected by gender-based violence through improved social infrastructure and sustainable gender transformative financing frameworks	€ 1 500 000	€ 0	€ 0	Global MD 22/05/2025
509	4500016862	Women Friendly Cities	€ 5 000 000	€ 0	€ 0	
510	4500024653	Promoting evidence based interventions for effective policy and decision making on violence prevention and response in Azerbaijan	€ 300 000	€ 0	€ 27 421	

## 58. VIESOJI ISTAIGA CENTRINE PROJEKTU V ALDYMO AGENTURA

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
511	4500017277	Extension of Public Finance Management Support Programme for Ukraine (EU4PFM)	€ 13 500 000	€ 0	€ 0	Received or will be received with the first payment request
512	4500026307	Support to Advanced Learning and Training (SALT III)	€ 9 400 000	€ 0	€ 0	
513	4500027404	EU4Reforms - DNA	€ 1 000 000	€ 0	€ 854 844	
514	4500037643	EU4Belarus ġ Support to Advanced Learning and Training (SALT II)	€ 14 000 000	€ 0	€ 0	
515	4500040908	Public Finance Management Support Programme for Ukraine (EU4PFM), Components 1, 3 and 4.	€ 36 485 000	€ 0	€ 0	
516	4500041483	Support to the European Humanities University	€ 4 000 000	€ 0	€ 0	
517	4500044995	Facility supporting Serbia in achieving the objectives of Chapter 24: justice, freedom and security	€ 5 000 000	€ 0	€ 0	
518	4500053081	Support for Advanced Learning and Training ġ EU4Belarus-SALT	€ 4 000 000	€ 0	€ 0	
519	4500054340	EU4Youth phase III - Youth employment and Entrepreneurship	€ 14 400 000	€ 0	€ 0	

#### 59. VIESOJI ISTAIGA CENTRINE PROJEKTU VALDYMO AGENTURA

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
520	4500013002	Bomb shelters for Ukraine's schools	€ 15 000 000	€ 0	€ 2 934 006	Received or will be received with the first payment request
521	4500070391	Support to law enforcement and security reforms in Armenia	€ 2 000 000	€ 0	€ 0	
522	4500070489	EU Integration Facility for Ukraine (UA2EU)	€ 10 000 000	€ 0	€ 0	
523	4500100799	EU4Borders Security - Moldova	€ 4 000 000	€ 4 000 000	€ 0	
524	4500133541	Education for Belarusians	€ 13 500 000	€ 13 500 000	€ 0	

#### 60. WHO REGIONAL OFFICE FOR EUROPE AU REGIONAL DE L'OMS POUR L'EUROPE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
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525	4500014152	Support provision of basic health services for conflict-affected people living in Abkhazia, Georgia	€ 2 000 000	€ 0	€ 0	Received or will be received with the first payment request
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## 61. WORLD HEALTH ORGANIZATION ION MONDIALE DE LA SANTE

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
526	4500017210	Strengthening the National Capacities Against COVID-19 and other Public Health Emergencies	€ 12 444 110	€ 0	€ 0	Global MD 13/02/2026
527	4500018448	Support for health resilience in the Eastern Partnership - Component 2 & 3	€ 4 900 000	€ 0	€ 0	
528	4500019793	Inclusive strengthening and resilience building of rehabilitation services in Ukraine	€ 8 000 000	€ 0	€ 1 782 642	
529	4500022788	Building a more resilient health system (through Primary Health Care Revitalization) in Azerbaijan	€ 8 300 000	€ 0	€ 0	
530	4500032112	EU Support to BiH Health Sector Reform - Realizing the Potential of Primary Health Care-driven Health Systems Reforms in Bosnia and Herzegovina (WHO)	€ 5 900 000	€ 0	€ 0	
531	4500038566	Support in establishing fully operational Emergency Operating Centre	€ 940 006	€ 0	€ 0	
532	4500039946	Health system development in Ukraine	€ 4 500 000	€ 0	€ 1 304 859	
533	4500040777	Strengthening Covid-19 surveillance capacity in Montenegro	€ 299 600	€ 0	€ 20 505	
534	4500045409	Minimizing the impact of the COVID-19 outbreak in Georgia through telemedicine and digital health solutions	€ 4 500 000	€ 0	€ 0	
535	4500045800	Strengthening National Capacities Against COVID-19	€ 5 300 000	€ 0	€ 579 364	
536	4500045983	EU support for vaccine deployment in the Eastern Partnership	€ 42 000 000	€ 0	€ 0	
537	4500048395	Strengthening health systems resilience in the Western Balkans	€ 7 000 000	€ 0	€ 1 393 693	
538	4500147268	A Healthier Ukraine: Facilitation rapid recovery and continuous transformation for suitable health system in Ukraine	€ 10 000 000	€ 10 000 000	€ 0	

539	4500148329	Strengthening regulatory and institutional capacities for EU alignment in medicines and medical devices in Moldova	€ 200 000	€ 200 000	€ 0	
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## 62. EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

No	Contract reference	Contract title	Contracted amount	Contracted yearly amount	Relevant expenditure amount	MD/AO/AC
540	4500008299	EFSD+ TA to EBRD's Growth4All Guarantee Programme	€ 4 639 722	€ 625 000	€ 0	Global MD 22/12/2025
541	4500008677	Ganja Water and Wastewater Phase 1	€ 5 350 000	€ 0	€ 0	
542	4500009476	Enguri HPP Phase V - Georgia: Enguri HPP	€ 7 450 000	€ 0	€ 0	
543	4500009506	¿EU-EBRD Municipal Infrastructure Recovery Programme for Ukraine¿	€ 25 499 600	€ 0	€ 0	
544	4500011153	Yerevan Customs and Logistics Centre	€ 6 400 000	€ 0	€ 0	
545	4500015309	Contribution Arrangement CN IPA III/2024/700002045 with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2023-2024 for DII, ENE, ENV and SOC infrastructure sectors	€ 204 436 209	€ 41 040 729	€ 0	
546	4500015446	EU Contribution Arrangement with respect to the EWBJF - Sustainable Transport Connectivity Sector - Allocation 2024	€ 280 000 000	€ 0	€ 0	
547	4500015497	Technical assistance allocation for Ukraine investment framework ¿Municipal, Infrastructure and Industrial Resilience programme plus"	€ 7 800 000	€ 0	€ 0	
548	4500015785	Not_Available	€ 0	€ 500 000 000	€ 0	
549	4500015889	¿Technical Assistance for Eastern Partnership Investment in Connectivity EPIC - EBRD¿	€ 5 330 000	€ 0	€ 0	
550	4500016341	Technical Assistance component of the ¿Hi-Bar¿ Proposed Investment Programme	€ 7 500 000	€ 0	€ 0	
551	4500017688	Support to Energy Security, Investment Climate and Governance for Montenegro	€ 2 500 000	€ 0	€ 0	
552	4500017705	EU SME Competitiveness and Inclusion Programme in Ukraine	€ 37 720 000	€ 0	€ 0	
553	4500018828	Single Market Ready	€ 16 972 800	€ 3 993 600	€ 0	
554	4500018924	GO DIGITAL IN THE WESTERN BALKANS	€ 27 630 000	€ 0	€ 0	

555	4500018968	Structural Reform Facility. Competitiveness Policy Priorities for Western Balkans	€ 3 000 000	€ 0	€ 0
556	4500019051	TA for HI-BAR (energy transition and hydrogen financing)	€ 6 900 000	€ 400 000	€ 0
557	4500019472	Not_Available	€ 0	€ 25 000 000	€ 0
558	4500019715	Residential Green Economy Financing Facility (GEFF) in Moldova	€ 9 932 000	€ 0	€ 0
559	4500020848	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2023-2024 for Private Sector Development	€ 40 847 822	€ 0	€ 0
560	4500021053	Economic and Investment Plan Facility	€ 5 265 000	€ 0	€ 0
561	4500021166	EU Support for Stabilisation and Sustainable Growth in Ukraine	€ 5 000 000	€ 0	€ 0
562	4500023487	Armenia: Capital Market Support Programme	€ 526 500	€ 0	€ 114 830
563	4500024082	SME Competitiveness - Moldova and Ukraine	€ 20 910 400	€ 0	€ 0
564	4500025659	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2022 for Technical Assistance	€ 5 865 885	€ 0	€ 0
565	4500026179	Republic of Moldova ¿ Reform Support Teams: Supporting implementation of Priority Reforms in Critical Infrastructure Sectors and Accelerating Progress towards EU Market integration	€ 3 000 000	€ 0	€ 202 010
566	4500028518	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2022 - 2023 for Digital, Energy, Environment and Social infrastructure sectors	€ 292 750 935	€ 0	€ 0
567	4500028660	Contract 447-950 - Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2022 for the Safe and Sustainable Transport Programme	€ 134 711 246	€ 54 711 246	€ 0
568	4500029431	Support for the operation of the Administration for Financing and Promoting Energy Efficiency in Serbia	€ 5 000 000	€ 0	€ 0

569	4500029508	Contract 447-948 - Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2022 - 2023 for the Sustainable Transport Connectivity sector	€ 300 000 000	€ 0	€ 0
570	4500030437	Supply Chains in Turkey: Addressing Sustainability through Deeper Integration with European Value Chains	€ 17 000 000	€ 0	€ 0
571	4500032081	Sarajevo Water Project	€ 4 000 000	€ 0	€ 0
572	4500036480	Pilot Programme on Inclusive and Socially Responsible Procurement (ISRP II )	€ 2 759 523	€ 260 403	€ 0
573	4500036838	SMEs Go Green Programme in the Western Balkans	€ 24 943 625	€ 0	€ 0
574	4500038159	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2021-2022 for the Sustainable Transport Connectivity sector	€ 550 000 000	€ 0	€ 0
575	4500038188	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework - Allocation 2021-2022 for Digital, Energy, Environment and Social infrastructure sectors	€ 188 314 673	€ 0	€ 0
576	4500039180	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework REEP 2022	€ 192 600 000	€ 90 000 000	€ 0
577	4500039521	Maritime Decarbonisation and Green Shipping Program for Turkiye	€ 20 000 000	€ 0	€ 0
578	4500039872	Advice for Small Businesses in Belarus- Phase II	€ 4 000 000	€ 0	€ 0
579	4500040979	Meghri Border Crossing Point	€ 11 670 000	€ 0	€ 1 967 392
580	4500041218	Moldova-Romania Interconnection and Termoelectrica: Chi&#537;in&#259;u District Heating Project	€ 40 750 000	€ 0	€ 0
581	4500041236	Georgia Hazardous Waste	€ 8 340 000	€ 0	€ 0
582	4500041265	Programme for Energy Efficiency in Public Buildings in Georgia ı EBRD Part	€ 13 150 000	€ 0	€ 0
583	4500041286	SME Competitiveness Programme in Eastern Partnership (2019 funds)	€ 42 675 049	€ 0	€ 0
584	4500041293	SME Competitiveness Programme in Eastern Partnership (2018 funds)	€ 52 908 951	€ 0	€ 0

585	4500041490	E5P Expansion to Eastern Partnership - BELARUS	€ 5 100 000	€ 0	€ 0
586	4500041551	Enguri Hydro Power Plant Rehabilitation Project: Climate Resilience Upgrade	€ 7 350 700	€ 0	€ 0
587	4500041867	Municipal Infrastructure Investment Programme in Ukraine	€ 10 510 000	€ 0	€ 0
588	4500042310	SERBIA SME COMPETITIVENESS SUPPORT Programme	€ 9 540 000	€ 0	€ 0
589	4500043095	Go Digital in Bosnia and Herzegovina	€ 11 486 075	€ 0	€ 0
590	4500044433	EU Support for Energy Efficiency and Environment Projects in Ukraine, Georgia and Moldova	€ 50 460 000	€ 0	€ 0
591	4500044752	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 35 075 727	€ 0	€ 0
592	4500044760	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 172 180 000	€ 0	€ 0
593	4500044796	Banja Luka Water Project	€ 4 000 000	€ 0	€ 0
594	4500044846	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 136 000 000	€ 0	€ 0
595	4500044851	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 915 108	€ 0	€ 0
596	4500044876	EU and EBRD for Energy Efficiency in Belgrade	€ 11 000 000	€ 0	€ 0
597	4500045707	Addendum 2 to Delegation Agreement No 2017/394-450 "Regional SME Competitiveness Support Programme"	€ 15 000 000	€ 0	€ 0
598	4500045932	Sisian¿Kajaran Road Project (North¿South Corridor)	€ 1 819 000	€ 0	€ 286 674
599	4500045936	EU 3rd contribution to the Eastern Europe Energy Efficiency and Environment Partnership Fund	€ 15 000 000	€ 0	€ 0
600	4500045957	E5P Expansion to other Eastern Partnership countries: Azerbaijan	€ 5 100 000	€ 0	€ 0
601	4500046278	Moldova Roads Rehabilitation IV	€ 1 063 590	-€ 478 060	€ 0

602	4500046291	Chisinau Water Development Programme	€ 13 785 000	€ 0	€ 0
603	4500046315	DCFTA SME Direct Finance Facility	€ 10 220 000	€ 0	€ 0
604	4500046777	E5P Expansion to Georgia	€ 10 200 000	€ 0	€ 0
605	4500046797	The DIGITAL RE4M Programme to foster COVID-19 recovery of SMEs	€ 1 850 000	€ 0	€ 413 063
606	4500046824	Yerevan Solid Waste Project	€ 8 220 000	€ 0	€ 0
607	4500046830	Armenia SME Finance and Advice Facility	€ 15 380 000	€ 0	€ 816 942
608	4500046842	E5P Armenia	€ 10 200 000	€ 0	€ 0
609	4500046847	E5P Expansion to Eastern Partnership - Moldova	€ 18 750 000	€ 0	€ 1 080 369
610	4500046947	EU4Business: Network of Business Support Centres in Ukraine	€ 40 000 000	€ 0	€ 0
611	4500046968	EU Deep and Comprehensive Free Trade Area (DCFTA) Facility, EBRD DCFTA Programme	€ 19 430 000	€ 0	€ 0
612	4500047060	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 36 000 000	€ 0	€ 0
613	4500047065	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 102 100 000	€ 0	€ 0
614	4500047535	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 6 800 000	€ 0	€ 0
615	4500048109	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework (REEP Plus allocation)	€ 30 000 000	€ 0	€ 0
616	4500049520	Municipal Infrastructure Programme Phase II	€ 6 180 000	€ 0	€ 1 691 944
617	4500049609	EU and EBRD for energy efficiency in Serbia	€ 4 500 000	€ 0	€ 0
618	4500049664	Women in Business in the Eastern Partnership - Phase 2	€ 8 440 000	€ 0	€ 1 600 000
619	4500049840	Contribution Arrangement with respect to the European Western Balkans Joint Fund	€ 804 892	€ 0	€ 0

		under the Western Balkans Investment Framework			
620	4500049847	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 12 564 292	€ 0	€ 0
621	4500049887	Enterprise Expansion Fund (ENEF) II Technical Assistance & the Star Venture Programme under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF)	€ 11 000 000	€ 0	€ 0
622	4500049987	Enterprise Expansion Fund II under the Western Balkans Enterprise Development and Innovation Facility	€ 19 000 000	€ 0	€ 5 000 000
623	4500050127	EBRD Advice for Small Businesses Programme under the Western Balkans Enterprise Development and Innovation Facility	€ 15 000 000	€ 0	€ 0
624	4500050140	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework (REEP Plus replenishment)	€ 30 000 000	€ 0	€ 0
625	4500050491	TOURISM-LED MODEL FOR LOCAL ECONOMIC DEVELOPMENT SUPPORT PROGRAMME	€ 40 000 000	€ 0	€ 5 924 966
626	4500051519	Advice for Small Businesses, Team Europe Eastern Partnership window	€ 19 976 000	€ 5 000 000	€ 0
627	4500051775	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 145 500 000	€ 0	€ 0
628	4500051842	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 19 000 000	€ 0	€ 0
629	4500052654	SME Competitiveness Support Programme - the former Yugoslav Republic of Macedonia	€ 6 000 000	€ 0	€ 617 344
630	4500052685	EU Deep and Comprehensive Free Trade Area (DCFTA) Facility, EBRD DCFTA Programme ç Phase II	€ 38 900 000	€ 0	€ 0
631	4500053730	FINANCE AND TECHNOLOGY TRANSFER CENTRE FOR CLIMATE CHANGE (FINTECC) - EU4CLIMATE window	€ 15 400 000	€ 0	€ 1 089 748

632	4500053898	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 170 315 708	€ 0	€ 0
633	4500053960	EU-EBRD support to the State Commission for the Protection of Economic Competition of Armenia	€ 487 985	-€ 12 015	€ 0
634	4500054230	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 10 173 460	€ 0	€ 0
635	4500054237	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	€ 94 700 000	€ 0	€ 0
636	4500117217	EU Contribution to the TEN-T's core network extension in Montenegro on the Orient/East-Med Road Corridor, Route 4, section IV Matesevo Ć Andrijevića	€ 60 000 000	€ 60 000 000	€ 0
637	4500132544	Roads Modernisation in Bosnia and Herzegovina	€ 10 000 000	€ 10 000 000	€ 0
638	4500139763	Not_Available	€ 0	€ 50 000 000	€ 0
639	4500145916	Not_Available	€ 0	€ 76 750 000	€ 0
640	4500149107	Ukraine FIRST - Cooperation Fund	€ 10 000 000	€ 10 000 000	€ 0
641	4500149189	Youth in Business in Moldova and South Caucasus	€ 9 820 000	€ 9 820 000	€ 0
642	4500150508	EBRD RESILIENCE AND LIVELIHOOD FRAMEWORK - UZ ENERGY	€ 44 880 000	€ 44 880 000	€ 0
643	4500150642	Technical Assistance for the implementation of multiple EFSD+ budgetary guarantees with the Organisation	€ 11 590 000	€ 11 590 000	€ 0

# ANNEX 12: EAMRs of the Union Delegations

Reports of Heads of Union delegations (FR Article 76.3).

Otherwise, keep the annex (title) and write "not applicable".

ENEST C	TR	Türkiye	IPA
ENEST C	AM	Armenia	NDICI
ENEST C	AZ	Azerbaijan	NDICI
ENEST C	GE	Georgia	NDICI
ENEST C	MD	Moldova	NDICI
ENEST D	UA	Ukraine	NDICI
ENEST B	AL	Albania	IPA
ENEST B	BA	Bosnia and Herzegovina	IPA
ENEST B	XK	Kosovo	IPA
ENEST B	ME	Montenegro	IPA
ENEST B	MK	The Republic of North Macedonia	IPA
ENEST B	RS	Serbia	IPA

