



# Annual Activity Report 2024

DIRECTORATE-GENERAL FOR REGIONAL AND  
URBAN POLICY

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## REGIO IN BRIEF

The Directorate-General Regional and Urban Policy (REGIO), under Executive Vice-President Raffaele Fitto, is responsible for Cohesion and Reforms. With approximately 700 staff members, it comprises seven directorates. The Joint Audit Directorate for Cohesion (DAC) is shared with the Directorate-General for Employment, Social Affairs and Inclusion (EMPL).

REGIO is guided by the Treaty of the Functioning of the European Union (TFEU), in particular Article 174, which provides that, in order to strengthen its economic, social and territorial cohesion, the Union is to aim to **reduce disparities** on the levels of development of the regions and the backwardness of the least favoured ones, and that particular attention is to be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps.

REGIO manages programmes financed under the **European Regional Development Fund (ERDF)** which supports the Investment for Jobs and Growth and European Territorial Cooperation goals, the **Cohesion Fund (CF)** and the **Just Transition Fund (JTF)**. By aligning investments with EU-wide priorities, the concentration on less developed and transition regions, multiannual programming, the place-based approach, multi-level governance and interregional cooperation, cohesion policy investments bring strong European added value. The funds were reinforced by the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), financed under NextGenerationEU, to support crisis repair measures. The **European Union Solidarity Fund (EUSF)** grants financial assistance, mainly in the event of major natural disasters. The **Brexit Adjustment Reserve (BAR)** provides support to the Member States affected by the withdrawal of the United Kingdom from the EU.

REGIO also manages: the cross-border components of the **Instrument for Pre-accession Assistance (IPA-CBC)** on EU support for reforms in accession countries; the cross-border components of the **European Neighbourhood Instrument (ENI-CBC)** facilitating cross-border cooperation with neighbouring countries; **Urban Innovative Actions (UIA)** and the **European Urban Initiative (EUI) for the 2021-2027 period**, identifying and implementing highly innovative projects in cities. REGIO is as well responsible for the third pillar of the Just Transition Mechanism (JTM) - the **Public Sector Loan Facility (PSLF)** and an **Interregional Innovation Investment Instrument (I3)**. REGIO is one of the DGs implementing the **New European Bauhaus (NEB)** initiative.

Regional and urban policy is implemented under three different management models:

- **Shared management** (ERDF, CF and JTF; BAR; EUSF; IPA-CBC; ENI-CBC): the co-legislators adopt the legal framework and overall funding. The Commission adopts programmes and cooperates with Member State administrations for their implementation. This model accounts for 98.4% of all REGIO expenditure.
- **Indirect management** (mainly UIA and EUI): partner organisations or other authorities manage the funding.
- **Direct management** (technical assistance; 3<sup>rd</sup> pillar of the JTM; I3): EU funding is managed directly by the Commission.

# EXECUTIVE SUMMARY

## A. Key results and progress towards achieving the Commission's general objectives and department's specific objectives

This annual activity report is a management report of the Director-General of REGIO for the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for decisions taken as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties <sup>(1)</sup>.

Over the last decades, cohesion policy has invested in reducing the disparities between Member States and their regions and in the structural transformation of their economies. Thanks to cohesion policy's specific features such as multiannual programming, place-based approaches, multi-level governance and interregional cooperation, the supported investments bring strong European added value, while respecting the principle of subsidiarity.

In 2024, the EU continued to deal with past crises, with cohesion policy remaining a key driver of convergence and stability. The Commission reinforced support for Member States to assist displaced Ukrainians through the **Cohesion's Action for Refugees in Europe (CARE, CARE+)** and **Flexible Assistance to Territories (FAST-CARE)** initiatives, offering flexibility, simpler procedures, and more pre-financing for 2021-2027 programmes.

The **2014-2020 programmes** entered the closure stage. Payments of EUR **17.1 billion** were made during 2024 and as a result, the payment rate reached **99%** of the combined ERDF and CF allocation. The closure documents shall be submitted by February 2026.

All 287 REGIO-led ERDF, CF and JTF funded **2021-2027 programmes** are now fully up and running. The selection rate at the end of 2024 stands at 37.3% (more than EUR 148 billion). The total payments from the Commission to the Member States amount to EUR **23.3 billion** as of January 2025.

The co-legislators reached an agreement on the **BRIDGEforEU** Regulation in December 2024, its adoption and entry into force is expected by the first half of 2025. The Regulation will help to solve existing cross-border obstacles, for example in the areas of healthcare, emergency services or joint infrastructure projects, creating a concrete improvement for the 150 million of Europeans living in these border regions.

The coordination between cohesion policy and the **Recovery and Resilience Facility (RRF)** continued. REGIO supported ECFIN and SG-RECOVER in ensuring that complementarity and synergies between cohesion policy and the RRF materialise during implementation and in addressing risks of fraud, corruption, conflicts of interest and double funding. Under this memorandum of understanding DAC provides audit results to ECFIN on the effectiveness and reliability of the common implementation bodies.

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<sup>(1)</sup> Article 17(1) of the Treaty on European Union.

REGIO continued to reinforce its contribution to the **European Semester**. It did so by strengthening the regional dimension of the analysis with a specific Annex in each Country Report. Country-Specific Recommendations (CSR) included a call to accelerate the implementation of cohesion policy programmes across all Member States. Both country reports and the CSRs also outlined the orientations for the mid-term review of cohesion policy programmes.

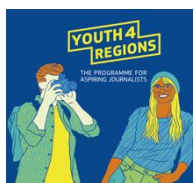
REGIO leads the implementation of the **European Union Solidarity Fund (EUSF)**, granting financial assistance to Member States and accession countries in the event of major natural disasters. REGIO provided over EUR **1 234 million** for recent earthquakes in Türkiye and floods in Italy, Slovenia, Austria, Greece and France which took place in 2023. In 2024, the Commission received 12 natural disaster applications from 9 Member States and 2 accession countries.

To complement EUSF and rural development aid, cohesion policy introduced the **Regional Emergency Support to Reconstruction (RESTORE)** to aid recovery from severe natural disasters in Central, Eastern, and Southern Europe. Effective from 24 December 2024, it allows Member States to reallocate ERDF, CF, and ESF+ funds to reconstruction and socio-economic relief.

Cohesion policy has helped Member States to tackle crises and must now adapt to reduce EU industry's strategic dependencies. To this end, the EU established the **Strategic Technologies for Europe Platform (STEP)** to support the European industry and boost investment in critical technologies. It entered into force on 1 March 2024. Through STEP, cohesion policy provides possibilities for support in digital, clean, and biotech innovations alongside skills development, including for large enterprises. To date, 38 cohesion policy amendments worth EUR 4.8 billion of ERDF and EUR 838 million of JTF have been adopted.

REGIO undertook external **communication actions** at various levels, targeting European citizens to showcase the contribution of cohesion policy to the delivery of the Commission's political priorities. The **Info regio** website and **Kohesio**, the EU cohesion projects database, reached 1.1 million unique visitors in 2024. Two key events were the **22<sup>nd</sup> EU Week of Regions and Cities** in October and the **9th Cohesion Forum** in April in Brussels, which gathered speakers and participants to discuss the role and future of cohesion policy.

## EXTERNAL COMMUNICATION ACTIONS



REGIO undertook **external communication** actions aimed at European citizens to showcase the delivery of the Commission's political priorities.

Some of the key events of the year were the **9th Cohesion Forum** in April in Brussels, gathering some 1000 high-level speakers and participants to discuss the role and future of cohesion policy, and the **22nd EU Week of Regions and Cities**, which brought 7000 participants and VIPs to Brussels in October. The **Macro-regional & Sea Basin Strategies Days 2024** took place in June in Brussels and several **Interreg** events and consultations gathered data for the post-2027 planning.

The 2024 edition of the **RegioStars** competition for best cohesion-funded projects attracted a record number of 263 applications and, for the first time ever, applications came from all Member States. The winners were announced during the EURegionsWeek.

The new generation of the ultralocal **#EUinmyregion** campaigns was launched in 2024 with two full campaigns and four **#EUinmyschool** partnerships organised by the end of the year. Five pilot campaigns in JTF regions were organised in Poland, Sweden, Germany, Romania and Ireland.

**Inforegio** website and **Kohesio**, the EU cohesion projects database, achieved 1.1 million unique visitors 2024.

379 applications were received for the 2024 **Youth4Regions** programme for aspiring journalists. The **Megalizzi-Niedzielski prizes** were awarded to aspiring journalists showing a strong attachment to the EU and its values. The **Train Trip** of last year's winners saw them travelling across Italy, France and Spain, visiting EU-funded projects and reporting on REGIO social media accounts, showcasing the benefits of the EU and cohesion policy. A new generation of **Smart regions** TV episodes with EuroNews was launched.

The 10 EUinMyRegion **Media Trips** brought 301 journalists to Brussels in 2023-2024, to learn about EU and cohesion policy. The 2024 Call for Proposals for **Information Measures** for cohesion policy received a record of 162 applications (50% increase from last year). The **Massive Open Online Course** (MOOC) on cohesion policy for journalists and journalism students was launched in 2024 with 1300 registered by the end of the year.

The **INFORM EU network** of 1300 programme communication officers offered a full menu of well-attended activities in 2024 from two plenary sessions in Hannover and Sevilla, to technical meetings, country team meetings, and 16 training sessions.

REGIO communicated via **traditional and social media**, e.g. on policy achievements for each Member State, on the 20<sup>th</sup> anniversary of the accession of ten Member States, and on inaugurations of emblematic cohesion-funded projects such as the [metro line in Thessaloniki](#). The online **Panorama magazine** and the **weekly newsletter RegioFlash** (30 000 subscribers) were produced and published regularly.

## B. Key performance indicators

Progress continued on key performance indicators (KPI) <sup>(2)</sup>. REGIO's online [Open data platform](#) <sup>(3)</sup> offers data on implementation of cohesion investments, reported by Member States.

ERDF, CF, EUSF, JTM and BAR specific performance data can be also found in the respective **Programme Performance Statements**.

REGIO has defined the below KPIs in its Strategic Plan 2020-2024.

**Note on the interpretation of targets and achievements** (KPI charts below)

*In the 2014-2020 period, performance information was transmitted by Member States once per year through Annual Implementation Reports (AIR). For the 2014-2020 common indicators (hereby KPI 2-4) the last reported values are from end 2022. The final values will be available in early 2026 once the final reports for individual programmes are received.*

### KPI 1 – The proportion of climate-related spending over total ERDF/CF budget <sup>(4)</sup>

<b>General Objective 1 – A European Green Deal</b>	
<b>Specific Objective 1.1 – Investments in a climate-neutral, clean and circular economy for regions and cities to reach sustainability</b>	
<b>KPI 1</b> Proportion of climate related investments over total ERDF/CF allocation <sup>(5)</sup> <i>Source: REGIO Climate tracking</i>	<b>19.6%</b> (2023) Target 2024: 20% 98% implemented

### KPI 2 – The number of enterprises receiving support

<b>General objective 2 – A Europe fit for the digital age</b>	
<b>Specific Objective 2.2 – Innovative and smart economic transformation across the EU</b>	
<b>KPI 2</b> Number of enterprises receiving support <i>Source: 2014-2020 common indicator 1</i>	<b>2.37 million</b> (2022) 109% implemented

### KPI 3 – Investments in health and social care, education, skills and housing

<b>General objective 3 – An economy that works for people</b>	
<b>Specific Objective 3.4 – Investments in health and social care, education, skills and housing to help address demographic change and social and territorial inequalities and to enhance quality of life</b>	
<b>KPI 3</b> Population covered by improved health services <i>Source: 2014-2020 common indicator 36</i>	<b>63.04 million</b> (2022) 72% implemented

### KPI 4 – The number of additional households with broadband access

<b>General objective 2 – A Europe fit for the digital age</b>	
<b>Specific Objective 2.2 – Innovative and smart economic transformation across the EU</b>	

<sup>(2)</sup> Reported achievements linked to CF and ERDF programmes.

<sup>(3)</sup> Figures are constantly updated and may differ from the ones in this report.

<sup>(4)</sup> Decided amounts 2014-2020.

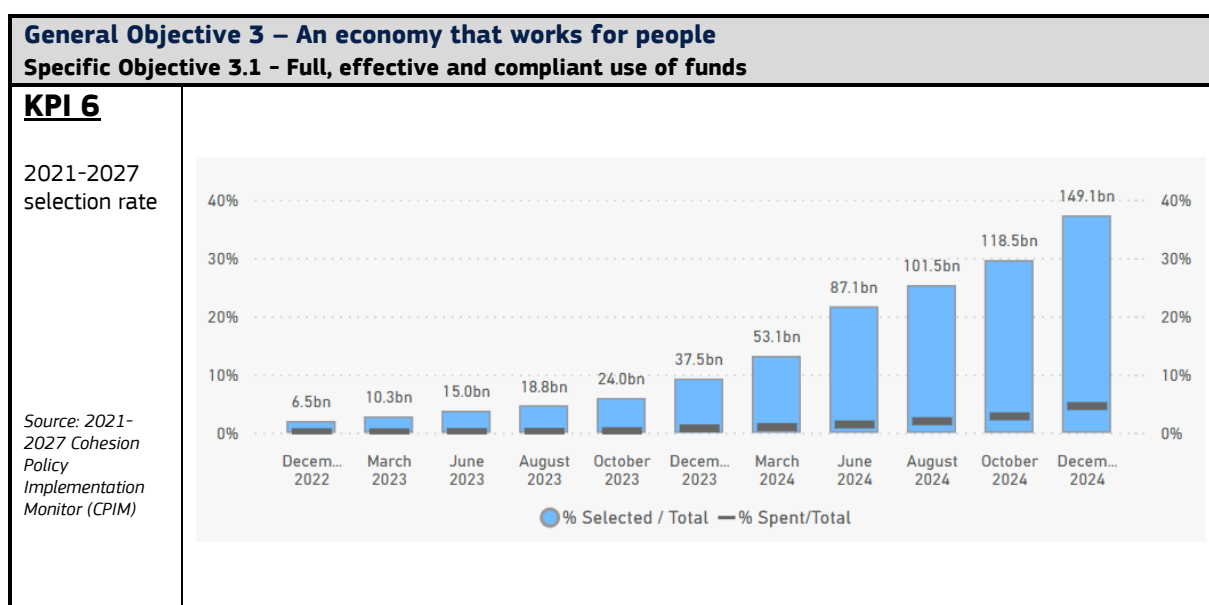
<sup>(5)</sup> Envelope for climate-related selected projects (EUR 57 billion) in % of total ERDF (incl. REACT-EU) and CF resources decided (EUR 291 billion).

<b>KPI 4</b> Additional households with broadband access <i>Source: 2014-2020 common indicator 10</i>	<b>7.88 million</b> (2022) 66% implemented
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**KPI 5 – The residual total error rate for 2014-2020 programmes in shared management** is material.

General objective 7 – Modernising the administration Sound financial management		
<b>KPI 5</b> Residual total error rate in shared management (2014-2020) <sup>(6)</sup>  <i>Source: See section 2 on the calculation of the confirmed residual total error rate for the accounting year 2022-2023 (programmes 2014-2020)</i>	Target	Latest confirmed results AAR 2024 <sup>(7)</sup>
	<2%	2.5% up to 3.6% (maximum risk)
Estimated risk at closure (2014-2020) <i>Source: See section 2 of this report on the calculation</i>	<2%	2.0%

**KPI 6 – The selection rate** for 2021-2027 projects (ERDF/CF/JTF allocation, including Interreg) has further increased in 2024. The selection rate stands at 37.3% at end of 2024.



<sup>(6)</sup> = estimated risk at payment

<sup>(7)</sup> include ENI-CBC and IPA-CBC programmes

## C. Key conclusions on internal control and financial management

REGIO has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Refer to section 2 for further details.

For programmes under shared management REGIO carried out an individual assessment on the effectiveness of the management and control systems and of the legality and regularity of expenditure entered in the accounts accepted in the reporting year. Due to the STEP amendments to the Common Provisions Regulation (CPR), which allows submission of the final assurance packages by 15 February 2026, Member States submitted only 58 final assurance packages to the Commission by 1 March 2025 <sup>(8)</sup>.

This approach allows to report a differentiated level of assurance and individual risk rates confirmed for each programme, thus identifying which programmes function well, which still present deficiencies and what type of remedial actions are needed. In addition, the Commission may identify for which programmes further financial corrections are necessary or likely to be needed based on possible additional risks under assessment.

Based on a review of all available audit results and a programme-by-programme analysis, the Directorate General concludes that:

- For **2014-2020 programmes** under shared management, the **residual total error rate (risk at payment - KPI 5) is estimated to be at 2.5%** for the 2024 expenditure, at this stage of the control cycle (national and European Commission audits carried out and audit conclusions finalised or still under contradictory at this stage, and resulting financial corrections applied at national level in some cases), **with a maximum estimated at 3.6%** due to further risks under analysis (or for the sake of prudence for programmes that went through a desk review only). REGIO therefore estimate that, overall, a material level of irregularities remains in the ERDF/CF expenditure certified to the Commission and accounts accepted in 2024.
- Beyond this overall estimate, REGIO has robust audit **evidence showing a differentiated situation for its 318 programmes** of the 2014-2020 period (see annex 7E for the detailed situation per programme): the individual residual error rate confirmed by the Commission following its further audit work (at this stage of the audit cycle) is below materiality for 302 programmes, but **still above for 16** despite Member States' controls. For these 16 programmes REGIO will apply additional financial corrections so that ultimately the 'risk at closure' is below 2% for all programmes.  
Currently, and taking account of the prudent approach applied for 2024 expenditure as explained above, **the 'risk at closure' is estimated at 2%, and confirmed below 2% for all previous accounting years as per the estimate**, based on additional audit work effectively carried out and additional financial corrections requested by the Commission and accepted by the concerned programme

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<sup>(8)</sup> Final assurance packages submitted after 1 March 2025 will be processed throughout the year and reported in the next AAR.

authorities. This reflects cohesion policy's **multiannual corrective capacity mechanism**.

- REGIO has reasonable assurance that errors were prevented through the effective functioning of management and control systems for most of the 313 programmes not yet closed, but not for all: systems functioned (sufficiently) well for 286 programmes but present **serious deficiencies for all (23) or part (4) of programmes** (representing 17.7% of the relevant expenditure in 2024 <sup>(9)</sup>). Errors continue to remain undetected for those programmes and systems with weaknesses mainly at the level of managing authorities or their intermediate bodies (weak or insufficient management verifications, the first level of control), but also of eight audit authorities (or their control bodies) in charge of auditing 4.5% of the relevant expenditure in 2024, and for which the Commission audits identified serious weaknesses in the audit work carried out (undetected errors, second level of control). Annexes 7F and 7G present the programmes and authorities concerned by the identified system weaknesses.
- For the **2021-2027 programmes**, REGIO received in 2025 assurance packages for 97 programmes <sup>(10)</sup> and reimbursed expenditure to 128 programmes, for which it assessed that management and control systems functioned effectively **except for 16 (part of) programmes**. Due to the limited number of programmes (7) which submitted assurance packages in 2024 (limited basis for the calculation of the KPI), the risk at payment is prudently estimated at 2% (flat rate). The Directorate General closely monitors if deficiencies identified in the management and control systems of predecessor 2014-2020 programmes may adversely impact the successive 2021-2027 programmes, independently from whether expenditure was already declared and paid in 2024 (letters of corrective measures or need for special attention were sent to all concerned programmes).
- REGIO has zero tolerance to fraud and corruption and in line with its anti-fraud strategy, it verifies the functioning of anti-fraud measures and measures to prevent conflicts of interest in co-funded programmes. The Directorate-General takes conservatory measures (payments interruption) each time fraud suspicions are reported / detected or are under investigation (active cooperation with OLAF and EPPO, see section 2.1.2. (c)).

In conclusion, REGIO management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and tools are in place to apply additional financial corrections to protect the EU budget during the multi-annual programming period, as needed.

The Director-General in her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance, albeit qualified by 2 reservations (in line with applicable criteria presented in Annex 5):

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<sup>(9)</sup> Due to the STEP flexibility, only a number part of programmes submitted assurance packages in 2025, yet expenditures were incurred and reimbursed throughout 2024 for most programmes. As this type of data is more relevant in 2024, we used the relevant expenditure for reporting purposes.

<sup>(10)</sup> This number does not include a programme under EMPL with EUR 0.18 million relevant expenditure for REGIO (JTF).

1. a **reservation** concerning management and control systems of the 2014-2020 period **for 21 ERDF/CF programmes** (in nine Member States and the UK, including five Interreg programmes).
2. a **reservation** concerning management and control systems of the 2021-2027 period **for 7 ERDF/CF/JTF programmes** (in five Member States, including one Interreg programme).

For the programmes under reservation, improvements in management and control systems are necessary to ensure that no material level of irregularity goes through the system by closure. This concerns namely **improvements at the level of managing authorities or their intermediate bodies in first instance, and possibly of the audit authorities as well**, and in the corrective capacity of certain programmes. The following actions are being taken in this respect: REGIO requires **remedial actions** to improve the functioning of the (part of the) system with a view to prevent irregularities from reoccurring **and requests additional financial corrections** for past expenditure declared, including to bring the level of residual error to below 2%, where necessary, to protect the EU budget (for each case of required financial correction the Directorate-General assesses if the conditions for net financial corrections set by the co-legislator were fulfilled). Reservations made in this report will only be lifted once sufficient corrective measures have been effectively implemented. Refer to section 2.1 for further details.

Moreover, to take account of the **ECA recommendations** issued in its 2023 Annual Report (chapter 6) and in the Review 03/2024 <sup>(11)</sup>, REGIO and EMPL have put in place **additional targeted remedial actions** with a view to **improve the overall detection capacity** of programme authorities and therefore the accuracy and reliability of error rates to be reported by audit authorities in the years to come. In particular, the Directorates-General have:

- **adjusted their audit approach** to ensure a **closer and faster supervision** of the work of audit authorities on-the spot **to improve their detection capacity**.
- requested audit authorities to implement **a targeted action plan based on a menu of 22 actions** designed to address the weaknesses identified in the audit work and recommendations issued in ECA's or Commission's audits.
- carried out preventive risk-based audits on the **preparedness for closure** for a sample of programme, to ensure that the concerned authorities are timely carrying out all required verifications to prevent and correct remaining irregularities and reported audit results by closure.

It is expected that these actions will start bringing improvements in the detection capacity of audit authorities as from next year, including at closure for 2014-2020 programmes.

Moreover, the Commission will consider the deficiencies detected during the 2014-2020 period and the root-causes of the identified irregularities **as an input into the design of a simpler, more-error proof and robust assurance system to be proposed to co-legislators for post 2027**.

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<sup>(11)</sup> Review 03/2024: An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending

## **D. Provision of information to the Commissioners**

In the context of the regular meetings during the year between REGIO and the Commissioners on management matters, the main elements of this report and assurance declaration, including the reservations envisaged, have been brought to the attention of Commissioner Elisa Ferreira and Executive Vice-President Raffaele Fitto, responsible for Cohesion and Reforms.

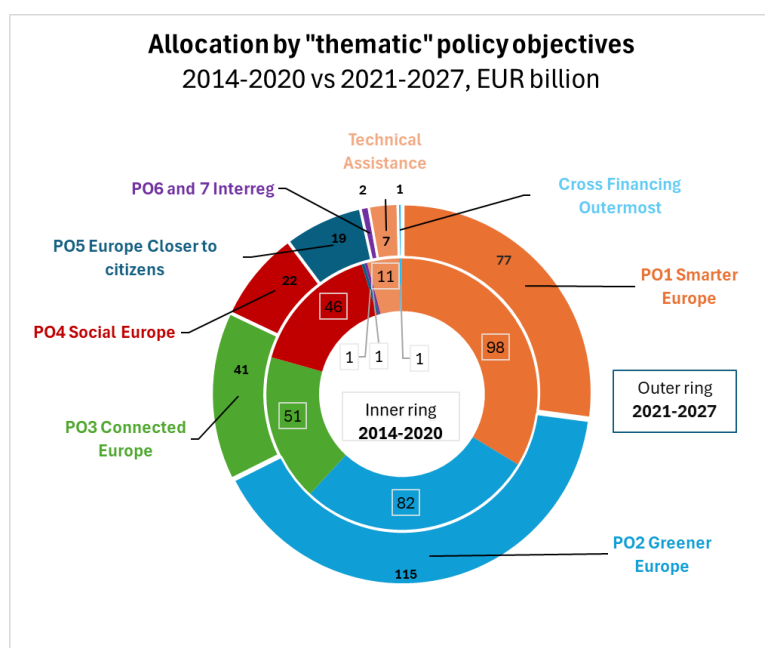
# 1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE DEPARTMENT

## 1.1. Achieving the priorities - delivering cohesion

Cohesion policy **reduces economic and social disparities** by investing in infrastructure, innovation, education, and other key areas. The policy helps less developed regions directly and all other regions indirectly to reap the benefits and economies of scale created by the Single Market and by international competition.

During the two last decades, EU regions have achieved remarkable convergence. The 13 countries which joined in 2004 and the years following had a collective GDP per head just 52% of the EU average in 2004. By 2024, this has risen to an estimated 80%. This is an extraordinary achievement of European integration and cohesion policy, which has invested nearly EUR 1 trillion to support balanced economic development in the EU since 2000.

All regions benefit from cohesion policy. Every euro spent in the 2014–2020 period is estimated to generate a return of **almost EUR 3 in the form of additional EU GDP** in the long run <sup>(12)</sup>. According to model simulations, GDP per capita of less developed regions has increased by more than 3% in 2023 thanks to the 2014–2020 programmes. Yet, less developed regions are not the only beneficiaries of the policy. The positive impact of cohesion policy concerns the entire EU, including more developed regions, as a result of the strong positive spillovers generated by the programmes implemented.



In 2024, cohesion policy continued to contribute to the Commission's priorities through investments in key policy areas.

REGIO manages the total available EU envelope allocated under the ERDF, Interreg and CF in 2014–2020 programmes which amounts to more than EUR **291 billion** (including the additional REACT-EU financing in 2021–2022). In the 2021–2027 period the allocation to ERDF, Interreg, CF and JTF is EUR **283 billion** <sup>(13)</sup>.

<sup>(12)</sup> Model simulations for the 2014–2020 ex-post evaluation. Exactly EUR 2.9, 15 years after end of period.

<sup>(13)</sup> EU contributions only.

The **2014-2020 programmes** entered the closure stage. Payments of EUR **17.1 billion** were made during 2024. The payment rate reached **99%** of the combined ERDF and CF allocation. The extension of the closure deadlines by one year due to the establishment of Strategic Technologies for Europe Platform (STEP), alongside the additional flexibilities introduced, further decreased the risk of decommitment, eased the administrative needs at closure and ensured the robustness of checks to be applied to the last accounts and expenditure of previous accounting years. These opportunities have been extensively used by 172 programmes from 22 Member States (plus the UK, in the context of the Peace Plus, the programme designed to support peace and prosperity across Northern Ireland and the border regions of Ireland), including 39 Interreg programmes. The closure documents shall be submitted by February 2026.

Despite the late start, all 287 REGIO-led ERDF, CF and JTF funded **2021-2027 programmes** are now fully up and running. All Member States have launched calls for projects and have progressed significantly in the selection of operations. The selection rate as of the end of 2024 for the above-mentioned funds is 37.3% (more than EUR 148 billion). REGIO worked with the Member States and regions to help to drive implementation. The total payments made by the Commission to the Member States amount to EUR **23.3 billion** at mid-February.

As regards **reliability of performance data** <sup>(14)</sup>, any deficiencies are closely followed up and can lead to a suspension of interim payments. No such procedure was launched in 2024. Audit Authorities (AA) carry out system audits on key requirement 6 and audit the reliability of indicators as part of representative samples of operations. The Commission tests these verified indicators during its re-performance audits. As of 2019 the AAs systematically report these results in the annual control reports. The 2014-2020 closure guidelines contain obligations regarding performance data reliability at closure and the related reporting expected in the AAs' final annual control reports.

The **Performance Action Plan for 2021-2027** builds upon the previous strategy with the aim of enhancing the performance culture in shared management and specifically addresses the reliability of performance data. Additionally, the frequency of indicator reporting has increased to twice a year and Member States submit their financial data five times a year.

In view of the future of cohesion policy, the **Group of high-level specialists on the future of cohesion policy** was established to reflect upon maximising the policy to tackle the challenges of cohesion and to support a fair digital and green transition and regional recovery and growth. The group published its strategic conclusions and recommendations in February 2024 <sup>(15)</sup>. The Commission also published the **9th Cohesion Report** in March, presenting an assessment of the state of cohesion in the EU, highlighting significant achievements and ongoing challenges.

## **1.2. Response to crisis and unprecedented situations**

The strong support of recent years granted to Member States providing assistance to displaced people from Ukraine was upkept by the Commission. Following the **Cohesion's**

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<sup>(14)</sup> Also refer to "[Criteria for a strengthened common control approach on the reliability of performance information on EU financial programmes](#)".

<sup>(15)</sup> [https://ec.europa.eu/regional\\_policy/policy/how/future-cohesion-policy\\_en](https://ec.europa.eu/regional_policy/policy/how/future-cohesion-policy_en).

**Action for Refugees in Europe (CARE, CARE+)**, the **Flexible Assistance to Territories (FAST-CARE)** focuses on administrative simplifications. Increased flexibility and increased pre-financing are open to all 2021-2027 cohesion policy programmes.

Cohesion policy has been instrumental in the past years in helping Member States overcome various crises. The **Strategic Technologies for Europe Platform (STEP)**, which entered into force in March 2024, was set up by the EU to support European industry and boost investment in critical technologies. Cohesion policy programmes support the STEP objectives by incentivising strategic investments in digital technologies, clean and resource efficient technologies, and biotechnologies, including in larger enterprises, and relevant skills. To date, 38 cohesion policy programme amendments worth EUR 4.8 billion ERDF and EUR 838 million JTF have been adopted.

In December 2024, the **European Union Solidarity Fund** supported Slovenia with EUR 328 million addressing the severe damages caused by the floods that occurred in August 2023. This payment came on top of EUR 100 million EUSF advance payment that was paid to Slovenia in December 2023 to help kick-start recovery operations. The severe flooding in Slovenia was caused by intense rainfall, which affected almost two-thirds of the country, it destroyed roads, bridges, drinking water and wastewater infrastructure, energy infrastructure, numerous houses, urban areas and agricultural land. The flooding triggered landslides and resulted in significant economic losses.

REGIO leads the implementation of the **European Union Solidarity Fund (EUSF)**, granting financial assistance to Member States and accession countries in the event of major natural disasters. REGIO allocated over EUR **1 234 million** of support for earthquakes in Türkiye and floods in Italy, Slovenia, Austria, Greece and France in 2023. In 2024 the Commission received applications from Italy and France due to floods in 2023, from Spain following the drought in the Andalusia region and from Germany and Italy due to floods in May and June 2024. It also received applications from Austria, Poland, the Czech Republic, Romania, Moldova, Slovakia and Bosnia and Herzegovina due to floods in September and October 2024.

To complement the resources mobilised from the EUSF and rural development programmes in a coordinated manner, cohesion policy proposed the **Regional Emergency Support to Reconstruction (RESTORE)** in October 2024, following the severe floods and wildfires that hit Central, Eastern and Southern Europe. It entered into force on 24 December 2024. RESTORE allows Member States to swiftly re-allocate existing resources, under the ERDF, the CF and the ESF+, to support investments in reconstruction and to temporarily support other measures alleviating the socio-economic impact of natural disasters. The new flexibilities will cover natural disasters occurring between 1 January 2024 and 31 December 2025.

The **Brexit Adjustment Reserve** (reduced from EUR 5.5 billion to EUR 3.4 billion in current prices after transfers to REPowerEU) is a temporary instrument with aims to support Member States in alleviating the challenges caused by Brexit. The Commission is currently conducting an assessment determining eligibility of BAR expenditure stemming from measures carried out by Member States between January 2020 and December 2023.

## 1.3. General objectives

### 1.3.1. General objective 1: A European Green Deal



REGIO manages one of the largest EU investment sources for Europe's ambitious energy and climate policies, supporting regions and cities to reach the targets of climate neutrality and circular economy by 2050 and contributing to a just transition, also in line with the objectives of the EU's Recovery plan.

Investments in **climate action** are expected to represent EUR **58 billion** in the 2014-2020 programmes. During 2021-2027, the amount dedicated to a greener Europe, doubles to EUR **120 billion** illustrating the importance attached to the European Green Deal. Of this, a significant proportion (EUR 44 billion) is dedicated to the energy transition.

Additionally, a total EUR 3.4 billion investments in green technologies will be delivered by ERDF and JTF to promote energy efficient households, affordable clean energy and a more sustainable use of water resources.

These investments will also increase resilience against adverse impacts of climate change and will facilitate the transition to the circular economy.

The **LOCA2Transformation project** in Carinthia is driving green business practices, especially in energy-intensive sectors, in line with the European Green Deal. Led by Alpen Adria University and Joanneum Research, the initiative offers SMEs in the chemical, mineral, metal production and paper and wood sectors guidance on navigating the path to a greener future. Through surveys, workshops, and a downloadable manual, researchers support SMEs in transitioning to climate-neutral operations.

#### **Policy achievements**

- 2014-2020: some 7 million people gained access to a new or improved water supply. Approximately 65% of beneficiaries live in Greece, Portugal, Italy, Spain and Romania.
- 2014-2020: an additional 9.2 million people benefitted from new or improved wastewater treatment. Almost 66% of the targeted beneficiaries live in Italy, Poland and Spain.
- 2021-2027: REGIO will continue to support projects in wastewater treatment, covering over 13 million additional people. Investments will provide additional recycling capacity for more than 12 million tonnes of waste.

REGIO contributed to new initiatives such as technical assistance for regional energy agencies ([Cohesion for Transitions Community of Practice](#)). ERDF and CF provide significant EU funding to **energy efficiency** and renewable energy. In 2014-2020 approximately **EUR 30 billion** was invested into the energy transition. For 2021-2027 approximately **EUR 43 billion** will be invested.

#### **Policy achievements**

- 2014-2020: energy savings of 3,556 GWh/year in supported public buildings. These savings are equivalent to the annual consumption of around 250,000 households.
- 2021-2027: ERDF and CF will continue to support projects in the area of renewable energy capacity by investing in 9,500 MW of new generation capacity.

ERDF and CF support to the renovation of buildings will continue to be a key priority, specifically in relation to energy efficiency in buildings.

The project **We-Z** is an innovative model of urban regeneration in a neglected 1970s public housing complex in Rome's north-east periphery. In line with New European Bauhaus principles, it aims to improve young people's mental health and transform the area. It was selected as one of 14 innovative projects in the first European Urban Innovative call, receiving EUR 5 million in ERDF funding. It was selected as one of 14 innovative projects in the first European Urban Innovative call, receiving EUR 5 million in ERDF funding.

REGIO continued working with Member States to mainstream the **New European Bauhaus (NEB)** in 2021-2027 cohesion policy programmes. By the end of 2024, the contribution of cohesion policy to the NEB initiative amounts to more than **EUR 400 million** through various actions undertaken by REGIO and Member States' programmes. Of this, funding through Member States' calls dedicated to or with a strong NEB component amounted to **EUR 346 million**. To support the mainstreaming of the NEB, REGIO launched a community of practice to support managing authorities by sharing ideas and practical solutions. REGIO

organised the 4<sup>th</sup> edition of the **NEB Prizes** in April 2024, recognising exemplary projects and fresh ideas reflecting the NEB values. In addition, a NEB Toolbox was published in early 2024 providing a collection of planning and designing tools.

In November 2024 the **Thessaloniki Metro** opened, Europe's most advanced metro system marking a transformative moment for the city and its residents. Co-funded by the EU with an investment of over EUR 1 billion, this project represents a significant investment in sustainable urban development and modern infrastructure. The project improves urban mobility, reduces environmental impact and fosters regional development. The metro line connects 13 stations and improves the daily lives of more than 340,000 passengers.

CF and ERDF modernise European **Network Infrastructures in Transport and Energy** systems, creating a more connected Europe which adapts to new challenges in sustainable and smart mobility and energy supply. **EUR 67 billion** is allocated under the 2014-2020 programmes to address these priorities. The 2021-2027 programmes will invest up to **EUR 53 billion** in a more connected Europe alongside **EUR 7 billion** in smart energy systems.

#### Policy achievements

- *2014-2020: some 3,610 km of new, reconstructed or upgraded rail track were delivered across Europe, 55% of which in Hungary, Poland, Italy and Portugal.*
- *2021-2027: green investments will continue to support climate-friendly mobility through better railway connections, sustainable urban mobility and new cycling infrastructures. Investments will also support the REPowerEU objectives, including decarbonisation and energy transition through energy saving, development of renewable energies, energy storage, hydrogen or green infrastructures.*

REGIO's Smart Specialisation Strategy (**S3**) **Community of Practice** (CoP) brings together policy makers and practitioners to strengthen regional innovation and economic development through smart specialisation. The Barcelona S3 Forum in 2023 welcomed 400 participants and the S3 Conference in Rimini in 2024, a further 500, demonstrating the growing needs for networking and knowledge exchange.

REGIO ensures a just transition towards climate neutrality in Member States and regions. The **Just Transition Fund (JTF)** will invest **EUR 19.7 billion** in territories most affected by the transition based on the 70 Territorial Just Transition Plans (TJTP) covering territories in 96 regions. The investments focus on the reskilling and retraining of workers, creation of new jobs, diversification of local economies and revitalisation of former mining sites.

The **Just Transition Platform (JTP)** continues to provide support to JTF territories through a single access point and helpdesk for stakeholders, technical and advisory support, the establishment of project and expert databases and the organisation of two

events a year. The JTP has provided support to 16 JTF regions in 9 Member States with 12 JTPeers exchanges taking place across nine regions.

The third pillar of the Just Transition Mechanism, the **Public Sector Loan Facility (PSLF)**, addresses the socio-economic challenges of the transition to climate neutrality. REGIO is responsible for the grant component, delegating the implementation to the European Climate, Infrastructure and Environment Executive Agency (CINEA). The European Investment Bank (EIB) is responsible for the loan component and provides advisory services via the InvestEU Advisory Hub to applicants. EUR 1.5 billion of public investments have been mobilised in total by the PSLF in Czechia, France, Greece and Sweden for projects in the sectors of economic diversification, affordable housing, sustainable mobility, energy efficiency, culture and tourism.

The **Cohesion for Transitions (C4T)** Community of Practice continued to help local authorities, regions and Member States in implementing investments under Policy Objective 2 “A greener, low carbon transitioning towards a net zero carbon economy”.

### 1.3.2. General objective 2: A Europe fit for the digital age



Cohesion policy bridges the digital divide, focusing on territories without high-speed connectivity, where digitalisation lags behind and access to public services is limited. Investments in research and innovation, digitalisation, digital connectivity, competitiveness of SMEs and skills for smart specialisation will be crucial for Member States to stay competitive.

Spearheading **Romania's** digital evolution, cohesion funding has brought about a monumental leap in broadband accessibility. Tailored interventions have bridged the digital divide, furnishing highspeed internet to over 250 000 households, 8 500 businesses, and 2 300 public institutions, predominantly in underserved rural areas. This initiative has narrowed the digital gap by securing broadband availability for over 99% of the country's population.

More than EUR **16 billion** was invested in digitalisation through the 2014-2020 programmes. Investments in 2021-2027 will help reap the benefits of digitalisation via 144 national and regional programmes with investments supporting the **digital transition** reaching nearly EUR **20 billion**. Over 80% will be dedicated to digital services and the digitalisation of businesses. Support to high-speed digital connectivity infrastructures is planned by 15 Member States.

#### **Policy achievements**

- *2014-2020: an additional 7.9 million households received access to broadband of at least 30 Mbps, the majority of which in Spain, Italy and Poland.*
- *2021-2027: ERDF and CF will help to provide over 3.1 million additional households and almost 360,000 enterprises with high-capacity broadband.*

REGIO (in partnership with AGRI and CNECT) runs the **European Broadband Competence Offices (BCO) Network and Support Facility** which supports regional and local authorities to design and implement broadband connectivity projects, in particular in areas with market failures. Workshops and seminars were held together with CNECT in support of European Digital Innovation Hubs (EDIHs).

Smart specialisation strategies (S3) mobilise the innovation potential of EU regions. The **Interregional Innovation Investments (I3) Instrument** connects regions and

addresses the innovation divide, while contributing to the development of new European value chains. Three I3 calls were launched which closely coordinate with RTD and the Horizon Europe programme, developing synergies between policies and instruments.

**Thematic Smart Specialisation Platforms** on industrial modernisation, energy and agri-food continued to promote and support some 30 interregional S3 partnerships which connect regions with shared smart specialisation priorities. The governance of the platforms was professionalised in 2024.

Cohesion policy enhances patient care in Italy's Apulia region through **digital health services** which allow regional bodies to collect and analyse healthcare information. A central feature is the **PugliaSalute online portal** and mobile app, which serves as the primary access points for Apulia's digital health services. The portal consolidates the websites of numerous healthcare institutions and enhances the overall healthcare experience for patients in the region.

Under the 2014-2020 programmes, EUR **62 billion** was invested in strengthening **research, technological development and innovation**. An additional EUR **54 billion** will be dedicated to the policy objective of a smarter Europe in the 2021-2027 programmes.

#### Policy achievements

- 2014-2020: investment in research & innovation is a central objective of ERDF investments. 72,000 researchers gained access to improved research infrastructure.
- 2021-2027: ERDF and CF will continue this trend with a target of creating improved infrastructure for 83,000 researchers annually.



The ERDF aims to support the life cycle of **enterprises** to increase their productivity and competitiveness. To mitigate the impacts of the COVID-19 crisis, SMEs have received ERDF funding with a combined value of nearly EUR 8.7 billion for support to working capital. Over EUR **61 billion** from the 2014-2020 programmes is being invested in improving the **business environment and entrepreneurship**, while the 2021-2027 period will inject a further EUR **36.5 billion** in growth and competitiveness.

#### Policy achievements

- 2014-2020: almost 2.4 million enterprises (mainly SMEs) were targeted for support.
- 2014-2020: approximately 230,000 new enterprises received ERDF support to start or grow their business.
- 2021-2027: ERDF and CF will support research, innovation, competitiveness and resource efficiency in 823,000 enterprises.

The EU- funded project **"PISMO"** in the Croatian region of Sisak-Moslavina consists of two fully equipped hubs for start-ups and companies. Today almost 70 start-ups benefit from the hubs which incentivise young people to start businesses and stay in the region. 80% of the project costs have been covered by ERDF.

EUR **25.1 billion** of the ERDF and CF allocation for the 2014-2020 period (9%) is invested, with a leverage of four, in projects via loans, guarantees and equity investments funded under **financial instruments** (FI), primarily for SMEs. For the current period, EUR **15 billion** of ERDF, CF and JTF has been committed to financial instruments. The FI-compass workplan was implemented and the FI-Campus was held in June 2024.

### 1.3.3. General objective 3: An economy that works for people



REGIO contributes to building a future-proof economy which works for people and delivers stability, jobs, growth and investment. Implementation and delivery of cohesion policy programmes is key to a balanced and fair economic recovery following the recent crises, ensuring long-term development and leaving no person and no region behind.

#### Territorial and urban activities

REGIO promotes integrated territorial approaches in urban and non-urban areas under ERDF and CF programmes. The policy objective ‘a **Europe Closer to citizens**’ supports the investment strategies of regions, cities, rural and local communities. More than 2,500 **integrated territorial and local strategies** are planned.

Over the past two decades, cohesion policy provided continuous support to sustainable urban development. In 2021-2027, **cities** are directly responsible for designing and implementing investments of over EUR **36 billion** (compared to EUR **21 billion** in the 2014-2020 period) based on **sustainable urban development strategies**. Often, these cities go beyond municipal boundaries and overcome fragmentation to ensure more coordinated action between cities and their adjacent territories.



#### Policy achievements

- 2014-2020: more than 31 million people live in areas with integrated urban development strategies, with over half of these in France and Germany .
- 2021-2027: 34 million square meters of open space will be created or rehabilitated in urban areas, primarily in Poland, Slovakia, Lithuania and Romania.

**Urban Innovative Actions (UIA)** enabled the Commission to directly support cities to test new solutions to urban challenges with a budget of EUR **372 million** in 2014-2020 period implemented via indirect management. By the end of 2024, all 86 actions (projects) were completed.

The implementation of the novel **European Urban Initiative (EUI)** with a budget of EUR **395 million** is also advancing. Launched in 2022, it aims to favour innovation and experimentation, to facilitate the exchange of experience and good practice, to provide a single-entry point to EU initiatives and opportunities, and to support administrative capacity. In 2024, the 14 projects selected under call 1 in support of the New European Bauhaus commenced their first year of implementation. Meanwhile, call 2 was concluded in May 2024, resulting in the selection of 22 projects from 12 Member States. These projects, covering the defined topics of greening, sustainable tourism, and talent retention in shrinking cities, entered their initiation phase. In 2024, Call 3 was launched with an indicative budget of EUR 90 million, covering the topics of energy transition and technology in cities, with project selection expected in the first half of 2025.

REGIO also coordinated the implementation of the intergovernmental [Urban Agenda](#) for the EU. This is a multi-level working method which aims to better involve cities in the design and implementation of EU and national policies. Four partnerships are currently under implementation, namely Food, Cities of Equality, Greening cities, and Sustainable tourism.

REGIO co-leads the delivery of the Communication on a [Long-Term Vision for the EU's Rural Areas \(LTVRA\)](#). The rural community platform, namely Rural pact, and Rural observatory are in effect.

REGIO steered the implementation of the **outermost regions'** strategy across services. In October, the Commission adopted an **Implementation report to the EP and Council** which highlights the Commission's delivery on its commitments with two thirds of the strategy's actions on-going or concluded. A staff working document showcases cohesion policy funds' support to these regions. In 2024, the outermost regions' specificities were reflected in over 20 legislative proposals, decisions, policy initiatives, reports and work programmes across EU policies, including on climate, environment, State-aid, housing and construction products, digital, transport, and various trade agreements. In addition, REGIO rolled out a dedicated advisory service for the outermost regions, launched a grant scheme for youth actions in these regions, and published a study on access to basic needs. Finally, REGIO co-ordinated the Commission's actions in relation to aid to Mayotte after a cyclone caused major destruction in this region.

### Cooperation across borders

The four [EU Macro-regional strategies](#) facilitate cooperation across regions and address common challenges faced by defined geographical areas. The Adriatic-Ionian Strategy worked throughout the year with the Commission's support on a revision exercise to reflect the enlargement agenda for the Western Balkans. The Alpine Strategy also initiated a revision process reflecting the need for such strategies to review and evolve.

Following negotiations throughout 2024, a compromise was reached amongst co-legislators in December on the Commission's proposal for a new **Regulation on Facilitating Cross-Border Solutions – BRIDGEforEU** - to resolve legal and administrative obstacles in a cross-border context. The final compromise text takes account of the concerns and recommendations made by the Parliament and Council, while maintaining its original focus of resolving obstacles that hamper the lives of cross-border communities. The Regulation should be adopted by the first half of 2025.

Reducing legal and administrative obstacles created by borders is also supported under the Interreg-specific objective **Better cooperation governance** chosen by **80%** of 2021-2027 Interreg programmes. To accompany this objective, a study to improve cross-border governance was published with the OECD, providing a useful tool. In addition, the [b-solutions](#) initiative offers legal support to public authorities in addressing legal and administrative border obstacles. Launched in 2024, the [Data hub for border regions in the EU](#), developed by

**Care like home** is a cross-border healthcare project between Poland and Ukraine. With an EU contribution of EUR 3.5 million, the project aims to adapt and build hospital premises, incl. palliative, geriatric and oncological care units, in Lviv (UA), Ternopil (UA) and Krosno (PL). Through this cooperation, Ukrainian and Polish medical professionals will share best practices, improve their skills and identify more effective healthcare solutions for patients in the cross-border area.

REGIO and the JRC, centralises data on cross-border interactions to targeted policymaking, spatial planning and improved public services.

**Policy achievements**

- *By the end of 2024, 180 pilot projects were supported by the Border Focal Point's flagship project "b-solutions". Border obstacle cases were prepared to give wider visibility to border barriers and to provide inspiration for solving bottlenecks along borders in the EU.*

The **Interreg Volunteer Youth (IVY)** initiative offers young people aged 18-30 the possibility to serve as 'Interreg reporters', promoting the results of Interreg projects or as 'Interreg project partners', working specifically on a concrete project. Participation in this initiative was boosted in 2024 through more effective communication actions, resulting in an increased participation of young volunteers and in an increased pool of host organisations. On the 3<sup>rd</sup> of February 2025, IVY deployed its 1000<sup>th</sup> volunteer since its inception in 2017.

**Strategic Plan for the Villages Bauhaus**

**EUROACE:** project financed by Interreg VI A Spain-Portugal. The Portuguese regions of Centro and Alentejo, together with the Spanish region of Extremadura developed together a cross-border integrated territorial strategy applying NEB values and principles as the basis for designing local interventions.

Interreg contributes to the implementation of the **New European Bauhaus**, adding to it a cooperation dimension. In fact, most Interreg programmes made a general commitment to promote the initiative under one or more specific cohesion policy objectives.

**Contribution to social, migration and gender issues**

The policy objective “**A more social and inclusive Europe implementing the European Pillar of Social Rights**” provides for investments in health, social care, education, training, skills, employability and housing. The 2021-2027 programmes aim to invest **EUR 27 billion** in these areas, complementing the activities financed by the European Social Fund Plus (ESF+).

**Policy achievements**

- *2014-2020: more than 63 million people obtained access to improved health services, more than half of which in Spain and Poland.*
- *2021-2027 will support 58 million more people per year in increasing the capacity of health care facilities, primarily in Spain, Poland and Greece.*

Regarding equality, all 22 external actions of the 2024 equality mainstreaming work plan were achieved. In line with the EU **Gender Equality Strategy** for 2020-2025, REGIO subscribed to the integration of gender in cohesion policy supported programmes, in the delivery of REGIO’s technical assistance, initiatives (such as Harnessing Talent in EU’s regions, Just Transition Platform), and analysis (e.g. EU Regional Social Progress Index). The equality perspective was included in trainings (namely, Strategic Procurement Course for Managing Authorities) and discussed at events (e.g. as part of the European Week of Regions and Cities). 2021-2027 Partnership Agreements and programmes were screened to ensure that non-discrimination, gender equality and accessibility for persons with disabilities are taken into account and inclusive growth priorities are supported.

## Support to Member States

Good governance is crucial for economic development and requires efficient and effective **administrative capacity** to implement investment projects. REGIO promotes the development of roadmaps to strengthen administrative capacity. By end of 2024 such roadmaps were being implemented in 15 Member States. REGIO also continued to support its **Peer2Peer Communities** and **TAIEX-REGIO Peer2Peer** exchanges of best practices, with some 600 participants joining these exchanges in 2024.

There were a number of requests for advisory services through **JASPERS** in 2024, including for JTF and continuous demand by JASPERS' beneficiaries for upstream, horizontal, and technical capacity building to support the implementation of the 2021-2027 period. Over 450 assignments were ongoing, out of which 150 new assignments were launched in 2024. JASPERS is active in all Member States, but the highest numbers of assignments are in Romania (120), Greece (60), Spain (57), Poland (53), Croatia (50) and Bulgaria (47). Capacity building efforts focused on areas such as climate proofing, Do No Significant Harm principle (DNSH), state aid, and project appraisal. REGIO, MOVE and the EIB signed an amendment to the JASPERS Contribution Agreement committing them to continue supporting Member States via JASPERS until 2027, helping to maintain a stable governance framework for JASPERS' operations.

REGIO continued to promote the use of **Simplified cost options** (SCOs) and **Financing not linked to costs** (FNLC) by offering support to Member States in designing, verifying, submitting and implementing their SCO/FNLC methodologies within the 2021-2027 programmes. 168 SCO methodologies in 15 Member States (and Interreg) alongside six FNLC schemes in five Member States, covering respectively EUR 7.2 billion and EUR 1.4 billion, are now part of the 2021-2027 programmes. Several SCOs and FNLC proposals are under preparation, these are in addition to the off-the-shelf flat rates and SCO offered in the CPR and applied by managing authorities towards beneficiaries.

According to a study carried out by the Commission in 2024, an estimated EUR 40 billion will be reimbursed in 2021-2027 through SCOs and FNLC at the end of the programming period for ERDF, CF and JTF. For the ERDF and CF, the figures would double in comparison to the results achieved under the 2014-2020 period.

To further support Member States in the setup, use and verification of SCOs, the Commission has also adopted new Guidelines for the use of SCOs in 2021-2027, taking stock of the changes in the regulatory framework and providing additional examples in a more user-friendly presentation.

The **Communication on Harnessing Talent in Europe's regions** highlights the challenges for territorial cohesion stemming from demographic decline. It identifies regions struggling to develop the right talents to mitigate the impact of a shrinking working age population which are at risk of falling into the talent development trap. To further support

### Transnational Network activities

- 3 meetings (more than 100 representatives of managing and audit authorities from all 27 Member States for each meeting)
- 4 multi-country workshops (Latvia, Belgium, France and one online)

### Commission activities

- more than 20 bilateral meetings with Member States and 4 SCO/FNLC workshop for national authorities (Latvia, Poland, Belgium, Sweden)
- support to national authorities in setting up national networks on simplification and participation to multilateral Peer-2-Peer workshops on SCO/FNLC

these regions, the **Talent Booster Mechanism** (TBM), based on eight pillars, was put in place, offering tailor made solutions for various regions building on existing EU Funds and initiatives. In this context, the **Harnessing Talent Platform** is providing knowledge-building and experience-exchange support to regions in addressing the consequences of demographic change. The work of the other pillars is advancing well with a mid-term event to present the intermediary results planned for March 2025.

REGIO's ex post **evaluation** for the 2014-2020 period continued in the course of 2024. The thematic studies building the analytical basis of the evaluation were completed, while dedicated studies on the impact of the funds on macro-economic variables were launched. The evaluation will be completed in the course of 2025. REGIO completed the mid-term evaluation of the ERDF, CF and JTF for the 2021-2027 period, which will be published in 2025. The Evaluation Helpdesk continued to provide support to Member States and Managing Authorities.

### **Complementarity with other investments**

The coordination between cohesion policy and the **Recovery and Resilience Facility** continued to feature prominently in the past year, given the substantial support the Facility provides to reforms and investments. REGIO contributed to the Recovery and Resilience Plans (RRP) implementation in all Member States through consultations on the revisions of the RRP and the payments applications, working closely with SG RECOVER and ECFIN. Cooperation between the respective Commission audit services in charge of auditing the implementation of RRP and cohesion policy programmes was reinforced with the signature of a Memorandum of Understanding.

REGIO continued to reinforce its contribution to the **European Semester**, notably the regional dimension of the analysis in the Country Reports through a specific Annex in each of the reports. This also fed into the main text of the documents and one of the Country-Specific Recommendations (CSRs) of the 2024 semester cycle was to accelerate the implementation of the RRF and cohesion policy programmes. Both the regional analysis and CSRs are a key input for the mid-term review of EU cohesion policy funds.

**Structural reforms** underpin investments, making them more effective. REGIO advised REFORM to use the analyses made by REGIO on needs for subnational reforms in Annex 17 of the European Semester Country reports as input for REFORM's meetings with Member States preparing the launch of the annual call for the Technical Support Instrument. REGIO reviewed 400 requests under the call.

As of end 2024, **96%** of the **thematic enabling conditions** of adopted ERDF, CF and ESF+ programmes were assessed as fulfilled.

All Member States fulfilled **horizontal enabling conditions** at the time of the adoption of the programmes, except Hungary and Poland. **Poland** submitted its revised self-assessment of the horizontal enabling condition on the EU Charter of Fundamental Rights (the Charter HEC) in January 2024. Subsequently, the Commission confirmed Poland's fulfilment of the Charter HEC as regards the arrangements in place to ensure compliance with the Charter for all Funds and programmes. As regards **Hungary**, the Charter HEC remains unfulfilled regarding the provisions of Hungary's law prohibiting access to content that portrays homosexuality or sex changes for persons under the age of 18, serious risks

to academic freedom and the right to asylum <sup>(16)</sup>. As regards specific measures to protect the Union budget against breaches of the principle of **rule of law** (general regime of conditionality), the Commission considers that Hungary had not addressed the breaches as identified in the Council implementing decision 2022/2506 of 15 December 2022. Consequently, Hungary lost access to EUR 1.04 billion at the end of 2024 due to the n+2 rule under the Rule of Law Conditionality regulation and the financial framework of the three concerned programmes are reduced (Energy, Transport, Territorial programmes). In total, out of the remaining EUR 20.9 billion envelope of CPR funds for Hungary, at least EUR 8.5 billion is still blocked due to the conditionality procedure and the unfulfilled enabling conditions.

### 1.3.4. General objective 4: A stronger Europe in the world



The objective of REGIO's action in third countries is to contribute to the strategic objectives and priorities of the EU by strengthening its role through policy dialogues and the cooperation with EU strategic partners: (1) accession countries via IPA and NDICI funding combined with ERDF, (2) other neighbouring countries via NDICI and ERDF funded programmes, (3) the neighbours of the EU outermost regions and (4) EU strategic partners via the International Urban and Regional Cooperation (IURC) programme.

REGIO has streamlined its contribution to the **EU enlargement process** in coordination with EEAS and NEAR, in particular for Ukraine and Moldova. REGIO has provided assessments on the capacity of these countries to uphold their obligations and attended explanatory meetings on Chapter 22 of the acquis. REGIO remains committed to fostering capacity building initiatives for Ukraine and Moldova. A call to support a EUR 2 million cross-border cooperation action between Ukraine and Moldova was launched in December 2024 to enable local and regional authorities and civil society to cooperate on a border where no other cooperation programme is currently active.

Following the discontinuation of cooperation programmes with Russia and Belarus, the Commission increased funding for the 2021-2027 **Interreg** programmes involving Ukraine and Moldova. This allowed the programmes to intensify the support for targeted and strategic investments, including for cross-border transport infrastructure, equipment and border management to contribute to the EU-Ukraine Solidarity Lanes.

Despite the deteriorating geopolitical context in the Middle East, the Commission secured the signature of **financing agreements** in June 2024 **for transnational cooperation** from all participating partner countries of the Southern neighbourhood, namely Algeria, Tunisia, Egypt, Palestine, Lebanon, Jordan and Israel. This has ensured the maintenance of the scale and scope of multi-country cooperation that fosters fair, equitable and sustainable development across the Mediterranean Sea Basin.

The [Co-Prevent project](#) co-financed by the Interreg Black Sea Basin Programme is connecting institutions and facilitating data sharing on environment and early warning systems within the Black Sea Basin area. Thanks to the project, Member States in the Black Sea Basin Region are better prepared for climate-related disasters like floods and fires. The project is implemented jointly by Türkiye, Bulgaria, Greece and the Republic of Moldova.

<sup>(16)</sup> In December 2023, based on the self-assessment submitted by the country, the Commission concluded that Hungary now fulfilled the Charter HEC in relation to judicial independence, thus releasing the country's access to EUR 10.2 billion of cohesion policy funds previously blocked.

Based on high-level political support and trust building, the four EU **macro-regional strategies** promote strategic networking, coordination and long-term collaboration between Member States, candidate countries and third countries. Significant progress was made in 2024 regarding the alignment of the macro-regional strategies with the existing economic and political realities of the regions concerned (e.g. the revision of the Action Plan of the EU Adriatic-Ionian Strategy).

In the **Western Balkans** and **Türkiye**, REGIO strives as well to be a significant facilitator in the IPA III policy clusters on ‘Resources, agriculture and cohesion’, “Competitiveness and inclusive growth” and “Green agenda and sustainable connectivity” clusters. In addition, the Macro-Regional Strategies (EUSAIR and EUSDR) offer opportunities to deepen partner countries’ participation in key EU initiatives like the EU Green Deal. This work is done in close coordination with the EEAS and other Commission services.

In 2024, REGIO continued managing six 2021-2027 Interreg cross-border-programmes involving Norway, Switzerland, Liechtenstein and Andorra. In most cases, the cooperation in these programmes works well, being seen as a strategic interest by the non-EU partners.

REGIO continued to steer and co-preside over the work of the **Union for the Mediterranean** Regional Platform on Sustainable urban development.

The strategic location of the outermost regions in the world represents a key asset for the EU and for regional cooperation. In 2024, REGIO made significant progress on the integration of NDICI funds, in particular from the regional Sub-Sahara programme into 2021-2027 **outermost regions’ cooperation programmes**. An additional EUR 15 million from NDICI will be included to the Interreg Madeira-Azores-Canary Islands-Gulf of Guinea and Indian Ocean programmes. REGIO and INTPA cooperation will foster intra-regional cooperation between the outermost regions, the Overseas Countries and Territories and their neighbouring countries.

Partnerships between Interreg programme Managing Authorities, EU Delegations and third countries have been reinforced in each of the cooperation areas (Caribbean, Indian Ocean, West Africa), thanks to the establishment of regular meetings and contacts. Interreg demonstrated its added value when a project managed by the Red Cross, the Indian Ocean Regional Intervention Platform (PIROI) provided emergency support to Mayotte after the devastation caused by cyclone Chido in mid-December 2024.

REGIO continued to steer the **International Urban and Regional Cooperation (IURC)** projects in Asia/Australasia, North America and Latin America, helping to partner European and international cities and regions, supporting knowledge exchange and transfer, and implementing pilot projects in energy transition, mobility, smart cities, circular economy, climate adaptation, start-up ecosystems, innovation and digitalisation. Six thematic networking events were organised.

An EU-China **High-Level Dialogue** took place in September to secure momentum in EU-China relations in the field of regional and urban policy cooperation and to sign a 5-year cooperation action plan (2024-2029). Dialogues with Japan, India and Latin American countries continued in 2024.

The third Ministers' meeting of the G7 on sustainable urban development took place in Rome in November 2024. The **adoption of a G7 Ministers Communiqué** highlighted challenges and areas of collaboration for G7 members on sustainable urban development.

REGIO coordinated the representation of the Commission at the 12<sup>th</sup> edition of the **World Urban Forum**, in Cairo in November where 14 side events were organised.

## 2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In Annex 7, there is a list and details of the reports that have been considered. The results of the above assessment are explicitly documented and reported to the Director-General.

### 2.1. Control results

Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

#### 2.1.1. Overview of the budget and relevant control systems (RCS)

This section reports on the control results used by management to support the assurance on the achievement of the internal control objectives (ICO) <sup>(17)</sup>. REGIO's assurance building and materiality criteria are outlined in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems. Annex 8 contains further details on the assessment of the effectiveness of the internal control systems.

#### Overview table of payments in 2024 (amounts in EUR million)

1. Activities (Funds)	Management mode	Payments made	% of total
<b>2021-2027 programmes</b> (ERDF, CF, JTF, IPA, NDICI)	Shared	14,743.89	36.2 %
<b>2014-2020 programmes</b> (ERDF, CF, ENI, IPA)	Shared	24,418.71	59.9 %
<b>2007-2013 programmes</b> (ERDF, CF, IPA)	shared (+ indirect IPA)	63.13	0.15 %
<b>2000-2006 programmes</b> (ERDF, CF)	Shared	87.41	0.21 %
<b>Brexit Adjustment Reserve</b>	Shared	7.11	0.02 %
<b>EUSF</b>	shared / indirect	1233.83	3.0 %
<b>European Urban Initiative</b>	Indirect	51.48	0.13 %
<b>Urban Innovative Actions</b>	Indirect	0	0.0 %

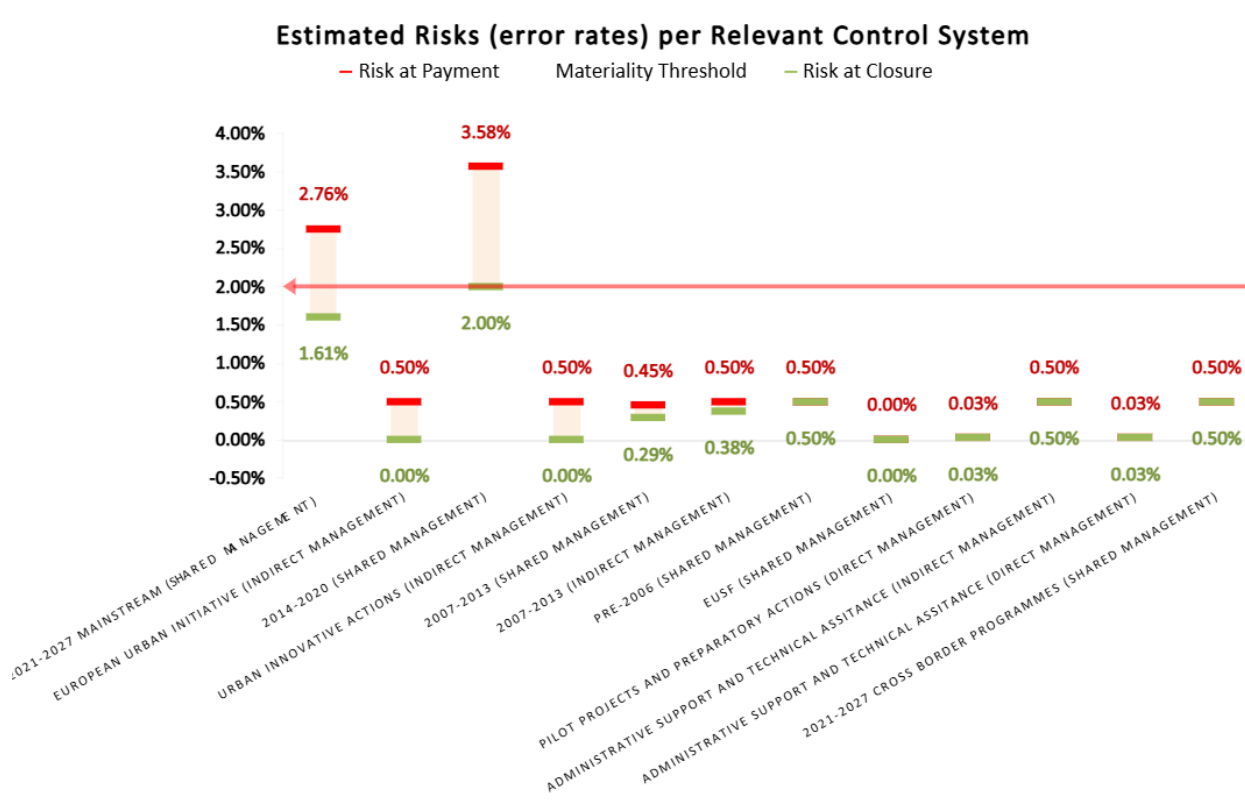
<sup>(17)</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

1. Activities (Funds)	Management mode	Payments made	% of total
Pilot projects and preparatory actions	Direct	3.15	0.01 %
Administrative support and technical assistance	Indirect	66.93	0.16 %
Administrative support and technical assistance	Direct	77.55	0.19 %
<b>Total</b>		<b>40,753.19</b>	<b>100%</b>

## 2.1.2. Effectiveness of controls

### a) Assessment of control results per RCS for expenditure

**Chart 1: Estimated risks for 2024 expenditure per Relevant Control System**



REGIO uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking account of the multiannual character of programmes and the nature of the payments concerned.

The benefits resulting from the controls are further described in Annex 6 under column “Cost-Effectiveness indicators”. Annex 7D provides details about the control architecture applicable to the funds under shared management and in particular cohesion policy funds. A [glossary](#) to explain the concepts most used in this report is presented in Annex 7S.

The [assurance model](#) and the conclusions on the legality and regularity of expenditure other Funds and other management modes is described in Annexes 7O, 7P and 7Q.

## Shared management 2021-2027: assurance building process

The assurance building process for 2021-2027 is similar to 2014-2020 since the legal framework remains largely the same <sup>(18)</sup>. Several changes aiming at increasing simplification for beneficiaries and programme managers while maintaining a robust control system need however to be underlined:

1. Management verifications are now risk based. Managing authorities are required to focus efforts and resources on the most error-prone areas, following a prudent risk-assessment that must continuously take account of results from all verifications and audits carried out.
2. The use of performance-based financing schemes (simplified cost options (SCOs) and financing not linked to costs (FNLCS), which, based on experience, are simpler to apply for beneficiaries and less error prone, is strongly encouraged and enhanced (and even mandatory for smaller operations). See section 1.
3. The application of net financial corrections, acting as an incentive for robust control procedures, is streamlined. While the procedural steps remain the same, the Commission can now launch procedures more rapidly in all cases where expenditure in accepted accounts is found to be irregular and was not detected and reported by the Member State.
4. Expenditure declared under Interreg programmes, is now audited by the concerned programme audit authorities under a single audit sample drawn by the Commission for all grouped programmes. This represents an important simplification and reduction of the audit burden for Interreg programmes and beneficiaries. This will also allow to report a separate error rate for these so far, less error-prone programmes that could therefore have reduced the calculated average error rate when combined in the past with mainstream programmes. The calculation of KPI5 will therefore now focus on mainstream programmes only. In 2024, the total error rate for the 15 Interreg programmes which reported limited expenditure and assurance packages accepted in the reporting year is under 0.5% <sup>(19)</sup>.

Another specific feature of the 2021-2027 period is the need for Member States to **comply with a set of thematic and horizontal enabling conditions**. The possibility to reimburse expenditure to Member States in each specific area and programme at the start of the period and throughout its implementation is conditioned by the continued compliance with these enabling conditions. As of end 2024, around **96% of the thematic enabling conditions** of adopted ERDF, CF and ESF+ programmes were **assessed as fulfilled**. All Member States fulfilled **horizontal enabling conditions (HEC)** at the time of signing this AAR, except Hungary (see section 1 for more details).

For the 2021-2027 period, REGIO received **by 1 March 2025 assurance packages for 97 programmes** (46% of all programmes), with annual accounts with positive (unqualified) audit opinions for all. The Directorate-General analysed these

### Impact of programmes 2021-27 annual accounts (2023-2024)

EUR 5 960 million certified in annual accounts submitted.

<sup>(18)</sup> See Annexes 6 and 7D.

<sup>(19)</sup> For the sake of prudence, REGIO has applied a flat rate of 0.5% for the calculation of its risk at payment for the concerned programmes (see Table X), due to the limited amount of audit information available at this stage of implementation for the concerned programmes.

assurance packages and noted that the reported expenditure is low risk and went through effective control procedures.

The KPI for legality and regularity is normally based on the error rates verified (confirmed) by the Commission for the accounts reported and accepted in the reporting year and for which the Commission could carry out its audit procedures (both desk audit work in all cases and risk- based on the spot audits for a sample of programmes <sup>(20)</sup>). Due to the limited number of programmes which submitted assurance packages in 2024 (seven, all subject to a desk review only) and the resulting lack of representativeness for further expenditure declared in the reporting year, REGIO **prudently estimated at 2% (flat rate)** the risk at payment for the programmes with declared expenditure in this reporting year (instead of the much lower error rate calculated based on reported results).

For all programmes with expenditure paid in 2024, based on the limited audit results at this stage, management and control systems are assessed to function effectively to ensure the risk in underlying transactions to be covered by the regulatory 5% payment retention in all cases. However, for 16 programmes, the Directorate-General assessed that deficiencies occurred or are possible, either based on system audit results already available, or because of deficiencies identified in the predecessor programmes (with the same managing authority / intermediate bodies).

As a result, for 2021-2027, reservations are disclosed in this report for seven programmes in five Member States (including one Interreg).

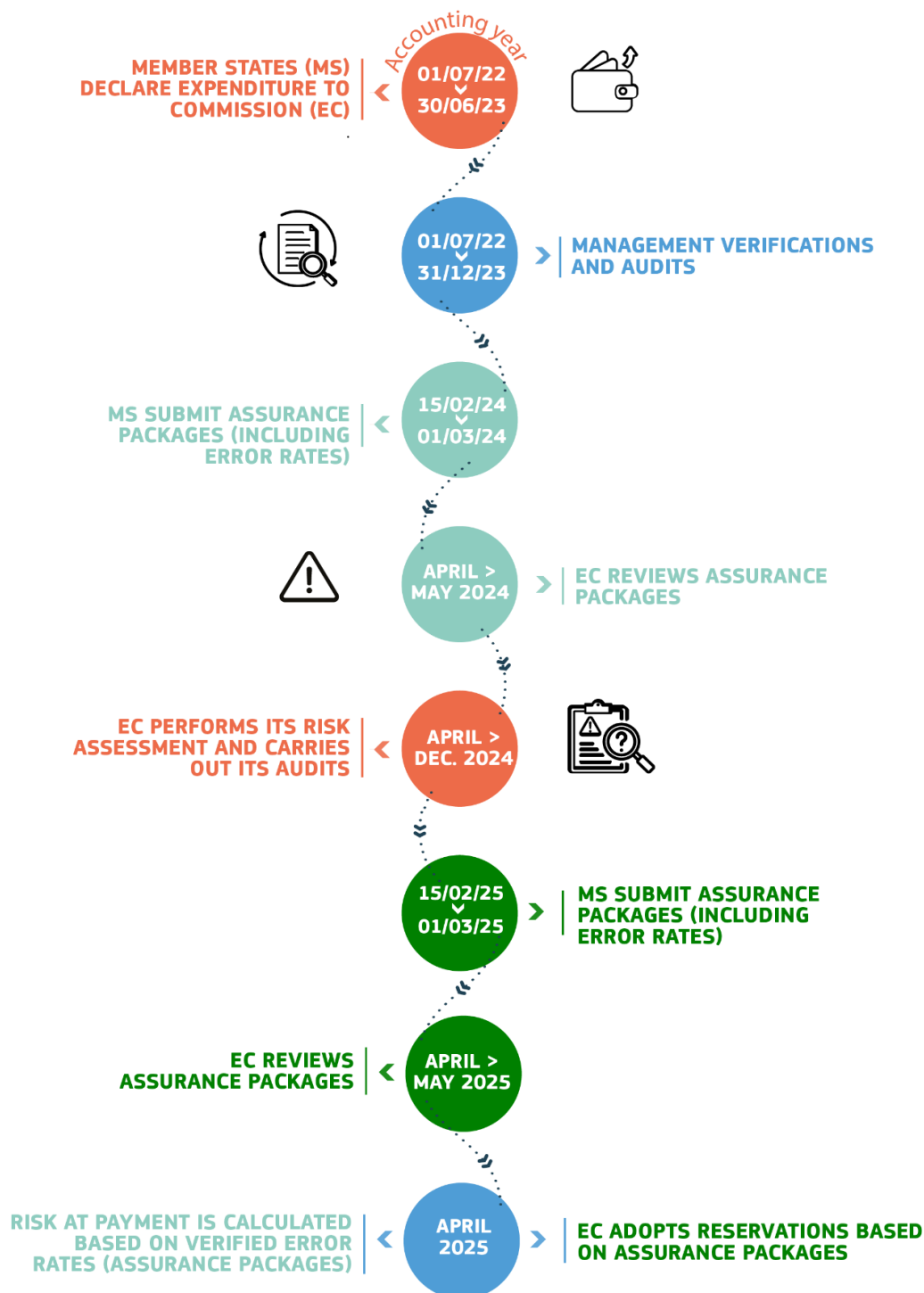
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<sup>(20)</sup> Even if contradictory procedures are still on-going for several audits, leading to possible further adjustments of the error rates reported for certain programmes at the cut-off date of signature of this report.

## Shared management 2014-2020: assurance building process

The graph below illustrates the assurance building process for programme accounts submitted and accepted in 2024 and audit cycle reported in the 2024 AAR. The process is described in detail in Annex 7D.

**Chart 2: Assurance building process for ERDF/CF programme accounts submitted and accepted in 2024 (annual accounts 2022-2023)**



The KPI on legality and regularity is the Commission's best estimate of the level of irregularities that remain to be corrected in expenditure declared in the reporting year.

REGIO carries out a systematic assessment of the situation of each programme and accounts submitted and accepted in the reporting year. It discloses individual error rates per programme (see box and annex 7E); these error rates are based on Member States' reporting for the accounts received and accepted in the 2024 reporting year (accounts 2022-2023) and were adjusted / re-calculated on the basis of the Commission desk reviews and, for a sample of programmes, risk-based compliance audits carried out during the reporting year <sup>(21)</sup>. This is considered the most appropriate indicator of the legality and regularity of expenditure paid in 2024.

Following the audit work carried out in 2024, REGIO aggregated the error rates it verified or recalculated for the 2022-2023 accounts to report a total, weighted average error rate for ERDF/CF, after neutralising the impact of advances paid for financial instruments <sup>(22)</sup>. This is the key performance indicator on legality and regularity (KPI 5) reported in this annual activity report that is based on:

- the results of the desk reviews by the DAC (that allowed recalculating the reported error rates in 52 cases), combined with
- the results from its on-the spot audits and audits from ECA for sampled programmes, when available at this stage (see next section), and
- with prudent adjustments when necessary <sup>(23)</sup>. For example, for this reporting year, taking into account the high amounts of expenditure declared to the Commission in 2024 and the limited controls and audits finalised due to the **STEP amendment** (allowing to extend control activities until February 2026), the Directorate-General applied **a flat rate of 2% to all programmes with a risk at payment assessed below 2%** on the basis of audit results available so far, to cover the risk of irregular expenditure paid during the reporting period (and for which audit results will only be available after signature of the annual activity report).

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<sup>(21)</sup> The KPI therefore includes audit results that are still under contradictory at the time of signature of the AAR, namely the most conservative results pending possible clarifications during the contradictory process, and that can further evolve (or be dropped) in the next stage of the audit procedure.

<sup>(22)</sup> See ECA recommendation n° 2 a) in the 2016 Annual Report (paragraph 6.40). Advances paid into financial instruments are included in the declared expenditure, which, in line with Article 127 of the Common Provisions Regulation, form the basis for the samples of audit authorities. Over time the Directorate-General confirmed based on figures that advance payments to financial instruments have a negligible impact on the confirmed residual error rate overall (0.1 percentage points), and where this was not the case for a particular programme (e.g. HU in the past) requested action based on the re-calculated error rate without financial instruments to improve the system. In 2024, payments of the last advances to financial instruments were even less than in previous years, due to the approaching closure.

<sup>(23)</sup> For example, when issues were detected during audits and required further audit work requested from the programme authorities to assess the impact on the whole programme of issues detected in the sample re-performed by the Commission.

**Residual Total Error Rate (RTER) based on the 2022-2023 accounts**

(before impact of financial instruments advances)

**318 ERDF/CF, IPA and ENI programmes in total**

**309 accounts** with expenditure

**302 programmes** with RTER

<=2%

**16 programmes** with RTER

>2%

**KPI 5: 2.5%, max. 3.6%**

For the present report, **KPI 5** is calculated at **2.5%** with an estimated prudent **maximum of 3.6%** to take account of potential additional risks, estimated using flat rates for each individual programme depending on their specific situation. Based on ECA recommendations <sup>(24)</sup>, the maximum value of the KPI also includes a conservative approach to take account of potential errors in the expenditure not audited, for example when only desk review was carried out or when additional audit work is still required under ongoing contradictory procedures, and/or also taking account of previous years' audit results pointing to possible remaining risks in the expenditure under analysis.

**KPI 5** and its estimated maximum value reflect a **fair estimate of the overall risk at payment** for all programmes taken together, following the programme-by-programme analysis and specific situation of each programme. The increase in the KPI and the maximum risk compared to the previous year is mainly due to the prudent approach explained above due to the STEP amendment of the regulation.

It is therefore concluded that, **overall, a (risk of) material level of irregular expenditure remains in the accepted accounts for ERDF/CF**, despite the control layers and corrections already applied at Member State's level, **and in the expenditure declared to the Commission in 2024** for which no assurance package was yet received, pending the final audit results to be received by February 2026 (in view of the closure of the 2014-2020 period).

The list of total error rates and total residual error rates by programme that the Commission verified and confirmed for the 2022-2023 accounts based on all audit information available, as well as the Commission opinion on the functioning of each management and control system, are disclosed in Annexes 7E and 7F respectively.

***A differentiated situation per Member State and programme: identifying and correcting individually programmes at risk***

REGIO's assurance is built on granular audit information obtained for each programme from verifications and audits carried out by programme authorities, from its own audits and from ECA audits or OLAF information. This allows to calculate KPI 5 (see above), to assess and report in the AAR whether systems for each programme functioned effectively during the reporting year, and to issue the necessary reservations when this was not the case.

Following the reception of **assurance packages by 1 March 2024** (accounts from the accounting year 2022-2023 accepted in 2024), the DAC auditors carried out a **desk review of all Annual Control Reports (ACRs)** to assess the reported total and residual error rates and audit opinions against all cumulative audit information at its disposal.

<sup>(24)</sup> See SR 26/2021, recommendation 3a, and Review 03 /2024, conclusion p23

#### Desk review of audit results received from AAs in 2024

211 system audit reports

- Error rates reported in ACRs covering
- 5475 (parts of) operations audited through statistical (91%) or non-statistical samples (in relation to total certified expenditure)
  - 16% of total expenditure audited

In 2024, REGIO reviewed the work of audit authorities through 37 audits covering 34 EF/CF assurance packages (70 programmes):

- 12 full reperformance compliance audits covering 12 assurance packages and 12 ERDF/CF mono- or multi-fund programmes in nine Member States)
- 17 specific scope compliance missions covering 22 assurance packages and 27 programmes, including limited re-performance work
- 8 specific scope compliance KR11 in 31 programmes

For programmes/AAs for which specific risks have been identified during this process, the DAC also carried out in 2024 and early 2025 risk-based **on-the-spot compliance audits covering 34 assurance packages** to re-perform the work done by the concerned audit authorities (AAs) (see box). For details on the DAC audits performed, see Annex 71.

Based on ECA's recommendations and conclusions Review 03/2024, in 2024 the Commission started **adapting its approach** to cover more programmes under its compliance audits that are launched already at an early phase in the process, instead of desk reviews in some cases (e.g. HR in 2024, RO and PL in 2025). The purpose is to detect earlier risks to the detection capacity of audit authorities

across a larger number of programmes each year (by targeting the audit scope on specific aspects of transactions considered at risk, where deemed necessary), to provide overall a more robust basis for the Commission results.

As a result of its compliance audits, the DAC identified further irregularities to the ones detected by AAs in seven assurance packages and programmes. This led to **a re-calculated residual risk above 2% in four cases** <sup>(25)</sup> where REGIO concluded on deficiencies at the level of the concerned audit authority / its control body and therefore could only place limited reliance on the reported audit work. In the other cases, the additional errors not detected by the AAs in the audited assurance packages have limited impact on the recalculated error rates, and do not call into question the overall reliance the Directorate-General can put on the work of the concerned audit authorities.

Taking account of all audit results available, for the accounts accepted in 2024, REGIO confirmed a **residual total error rate**

- **below materiality for 302 programmes** (95%, including in some cases adjustments without a material impact), and
- above materiality for **16 programmes** (5%) (as the result of **REGIO's re-calculation or re-assessment at flat rate** in all but 1 case <sup>(26)</sup>).

For these 16 programmes in 9 Member States and Interreg for which the Directorate-General concluded that the individual residual total error rate is still above 2%, as well as for any other risks that may materialise and further increase the error rate following the signature of this AAR, **REGIO will request additional corrective actions** (additional verifications or financial corrections) to ensure that the error rate is confirmed below 2%

<sup>(25)</sup> Audit results led REGIO to re-calculate the residual risk above 2% in further cases as well, see overall conclusion below.

<sup>(26)</sup> RO Regional Operational programme

for each and every programme and overall for the Funds by the end of the closure and legality/regularity process for the programming period.

These results (complemented by the risk-based system audits carried out by the DAC) show **weaknesses in the management verifications** carried out by the managing authorities of the concerned programmes, responsible to prevent and detect irregularities in first instance. But they also demonstrate **weaknesses in the work of a limited number of AAs** which failed to detect all irregularities: REGIO requested **improvements for eight AAs** out of the 81 ERDF/CF AAs are **in charge of auditing 4.5% of the relevant expenditure in 2024** (see Annex 7G).

***Assessment of the most recent audit results received by 1 March 2025 for deciding on reservations***

The STEP amendments allowed for a delayed submission of the final assurance packages until 15 February 2026, to allow programme authorities to carry out robust controls in view of closure of the programming period. By 1 March 2025, **58 final assurance packages were submitted** out of 313 programmes not yet closed. Following its assessment of these 2025 assurance packages, REGIO concludes that **all submitted accounts can be accepted** <sup>(27)</sup>. Moreover, the DAC **assessed** the reported total and residual error rates and audit opinions **against all cumulative audit information** at its disposal, including audit results of previous years assurance packages, to adjust the reportable error rates for the accounting year 2023-2024 (before further audit work is carried out) where needed and to decide on reservations qualifying the assurance declaration in the AAR.

Regarding these latest assurance packages received in 2025, the AAs reported a total error rate above 2% for four programmes and the programme authorities applied sufficient financial corrections to bring the residual risk to 2% or below in all cases but one where REGIO applied a flat rate of 5%. **For this programme** <sup>(28)</sup>, the Commission assesses that the accounts **are still affected by a material residual total error rate** <sup>(29)</sup> and REGIO will request the programme authorities to **apply additional financial corrections** upon finalisation of the assessment and resulting contradictory procedure. This programme is **put under reservation**, as the relevant expenditure in the reporting year is materially affected (see Annex 9), in line with the materiality criteria defined in Annex 5.

**2023-2024 accounting year**

**313** programmes in total

**58 accounts** submitted (18% of ERDF, CF, IPA, ENI programmes) (STEP amendment allowing to submit final assurance packages till Feb. 2026)

As in previous years, the Commission auditors continued to pay particular attention in its desk reviews and audits to the **risks linked to COVID-19 related expenditure** (e.g. the unjustified use of emergency public procurement procedures, additional REACT-EU funds under NGEU), **the risks of double funding of the same expenditure from different**

<sup>(27)</sup> Acceptance of the accounts is independent from the review of the legality and regularity of expenditure, followed up separately, including at closure, in line with Article 139(5) CPR.

<sup>(28)</sup> PL OP Knowledge Education Growth

<sup>(29)</sup> Either as reported by the AA or following adjustment by the DAC auditors based on the desk review and before audits were carried out on the spot, and therefore considered as 'reportable' for this AAR.

**funds, and the risk of conflicts of interest** (and whether such risks were audited and identified by AAs and appropriate corrective measures taken).

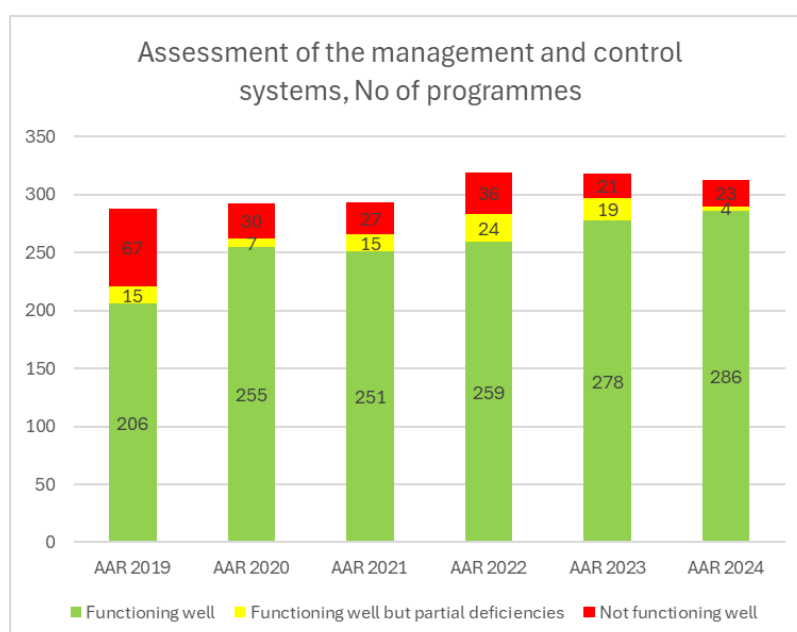
Based on its assessment of all available audit information from the Member States and EU audits at the date of this report, REGIO can conclude by mid-April 2025 that **management and control systems**:

#### Conflict of interest in Poland

During audits carried out in Poland to the OP Smart Growth, several cases of non-compliance with Article 61 of the Financial Regulation 2018/1046 were detected by the Commission auditors which either had been identified by the MA but not adequately mitigated or had not been identified in case of operations implemented as re-granting schemes – cascade of grants. For example, cases of conflict of interests between personnel of the intermediate body and beneficiary, beneficiary and grantee or beneficiary and contractor. Following these findings, corrective measures are being implemented by the programme authorities.

- **Function well** or sufficiently well for **286 ERDF/CF programmes** (91%), an increase compared to last year, representing 82.32% of relevant expenditure <sup>(30)</sup>. This provides assurance that the underlying transactions and expenditure declared in these accounts, as well as expenditure further declared by these programmes in 2025 under the accounting year 2023-2024, are expected not to be affected by a risk of material level of irregularities.
- **Function well except for part** of the management and control system in **4 programmes**. The serious deficiency identified relates only to a part of the system (e.g. an intermediary body level, a measure or a specific type of operations or expenditure). Therefore, only part of the relevant expenditure (2.97%) is affected by the deficiency.
- **Present serious deficiencies for 23 programmes**, representing (14.71% of relevant expenditure). For these programmes, substantial improvements are needed.

**Chart 3: Assessment of the management and control systems, number of programmes (excluding programmes already closed)**



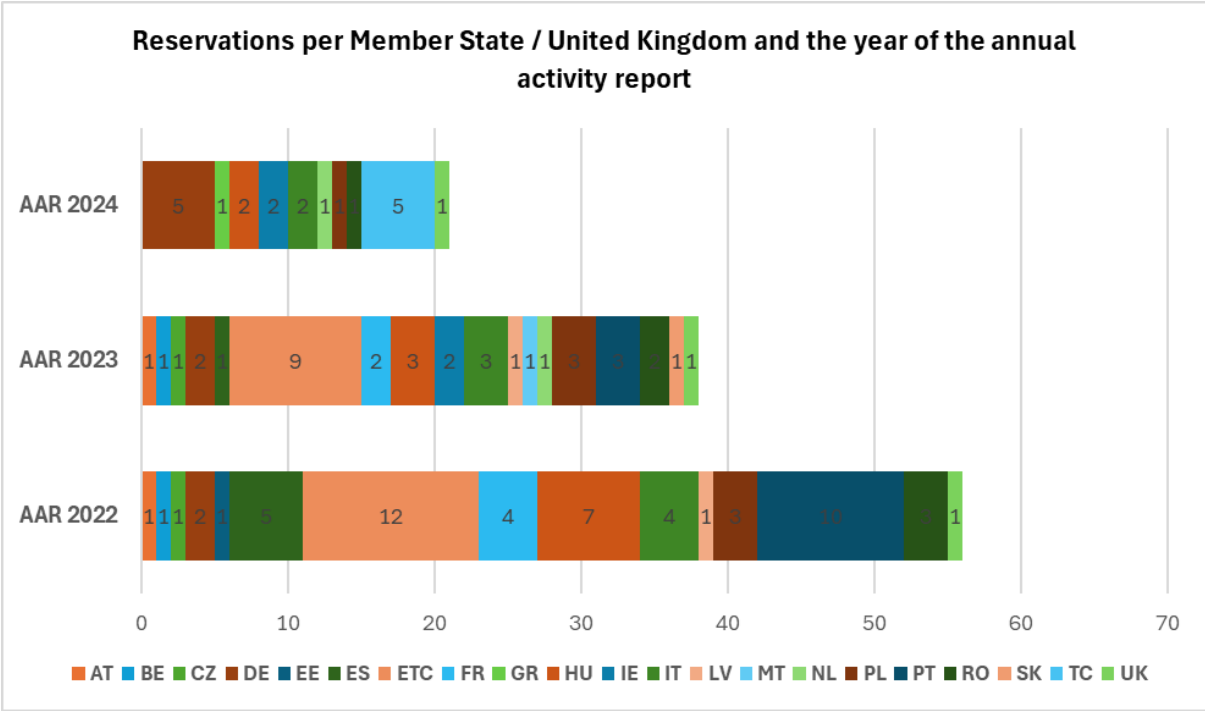
<sup>(30)</sup> Compared to previous years, this share of expenditure now excludes 4 programmes with only partial deficiencies, as shown in the graph, which are now reported separately.

The necessary improvements were requested to all programmes or part of programmes found to be affected by serious deficiencies.

In line with the materiality criteria <sup>(31)</sup>, REGIO **issues reservations** for all programmes or part of programmes for which the management and control system is not functioning sufficiently well <sup>(32)</sup>, where the risk for the EU budget is estimated above the 10% payment retention for 2014-2020 (where final assurance packages were not submitted yet). For those programmes for which the risk of irregular expenditure is covered by the 10% retention, or for which appropriate corrections were implemented in the last accounting year to ensure a residual risk below 2%), no reservations are issued <sup>(33)</sup>.

As a result of the above assessment, **21 programmes** from the 2014-2020 period are put in reservation in this report <sup>(34)</sup>. The reasons for reservations are described in Annex 9.

**Chart 4: Reservations per Member State and the year of the Annual Activity Report**



Reservations are only lifted once programme authorities have implemented the requested corrective measures. The fact that **58% of last year’s reservations are lifted** shows the effectiveness of corrective measures in place.

In addition, as a result of its audits, REGIO also systematically requests programme authorities audited to report to OLAF the related notification number in the IMS system of the additional irregularities detected by the Commission audit, **transmits to OLAF the fraud suspicions raised in its audits and monitors the cases when investigations**

<sup>(31)</sup> Criteria for reservations are explained in Annex 5.  
<sup>(32)</sup> Category 3 and 4, see definition in Annex 5.  
<sup>(33)</sup> The information was considered to assess if a reservation was necessary for the successor 2021-2027 programme, when the programme authorities remain the same and the management and control system was carried over.  
<sup>(34)</sup> Of which five Interreg programmes, see Annex 9.

**are open** (see section b) 'Fraud prevention, detection, and correction' in section 2.1.2. (c)). below and Annex 7R).

**To conclude, the tools and audit procedures established by REGIO allow to analyse the individual situation of each programme, to report in the AAR the specific, individual weaknesses identified as well as the overall, aggregated situation for the Funds concerned under cohesion policy, and to issue the necessary reservations for the individual programmes concerned** (see Annex 7E for the situation of all programmes, 7F for a list of programmes with identified serious deficiencies and 7G for a list of AAs with serious improvements needed).

### **The multi-annual corrective capacity to bring the risk at closure < 2%**

**Amounts withdrawn from annual accounts (2023-2024)** (figures presented on each line for 2014-2020 and 2021-2027 programmes respectively]

#### **2014-2020**

1. EUR 6,8 billion certified
2. EUR 130 million ERDF/CF contribution prudently withdrawn from accounts (temporarily or definitively based on programme authorities' work and follow up to EC requests for corrections)
3. Including **EUR 21.4 million ERDF/CF** contribution at least as definitive **corrections** (audit authorities' work)

#### **2021-2027**

1. EUR 6 billion certified
2. EUR 463 million ERDF/CF contribution prudently withdrawn from accounts (temporarily or definitively based on programme authorities' work and follow up to EC requests for corrections)
3. Including **EUR 60.8 million ERDF/CF** contribution at least as definitive **corrections** (audit authorities' work)

#### **Programme authorities withdraw important amounts from the programme accounts each year**

when their management verifications or audits detect irregularities or raise doubts concerning expenditure previously declared during the accounting year (see box for amounts withdrawn for the limited number of final accounts received in 2025 due to the flexibility introduced by the STEP amendment to the regulation). Some of these deductions are prudent, temporary withdrawals pending further verifications <sup>(35)</sup>. Part of these temporary withdrawals may be re-declared once the MAs have ascertained the regularity of the expenditure. Re-introduced amounts may therefore be selected for audits

by AAs as part of their statistical or complementary samples, as AAs were requested to carefully monitor and report in their (final) annual control reports the follow-up given to such temporary withdrawals. Otherwise, the withdrawn expenditure can also become a definitive correction that can be re-used by the programme to fund further eligible projects.

As part of amounts withdrawn, definitive implemented corrections are the result of management verifications, audits by AAs <sup>(36)</sup> or accepted findings from Commission and ECA audits or OLAF investigations (through DAC audit follow-up or at any step of the Commission formal financial correction procedures initiated under Article 145(1) CPR). These corrections applied by Member States can be re-used by the programme to fund

<sup>(35)</sup> REGIO cannot establish an estimate since the regulatory basis does not require Member States to provide separate figures in the accounts, apart for definitive corrections stemming from audits.

<sup>(36)</sup> Amounts indicated in the accounts are a minimum since ECA or Commission audits found that not all amounts concerned are reported in their entirety.

further eligible projects (since conditions for net corrections in Article 145(7) CPR did not apply so far).

This considerable corrective capacity of Member States, reflected in the annual accounts submitted to the Commission, translates the deterrent effect of the legal provision on possible net financial corrections acting as an important incentive for Member States to detect, report and correct serious irregularities in first instance (so that they are able to re-use the freed amounts for other eligible projects to fulfil the programme objectives). Despite the strict criteria foreseen in the legal framework for the Commission to implement net financial corrections causing the absence of such Commission decision so far (Article 145(7) CPR), **the mere existence of this legal provision has, in practice, increased the corrective actions by Member States as demonstrated by the above figures**, thus reducing the need for the Commission to step in formally or to adopt financial correction decisions under Article 145(6) of the CPR. Still, in 2024 the Commission has concluded (Article 144(1) CPR) that **such regulatory criteria for net financial corrections were met in three ERDF/CF or multifund cases** and has launched the related procedures under Article 145(1) combined with Article 145(7) CPR (SK, FR and AT).

**Deficiencies in fraud prevention and management verifications in Hungary**

A criminal investigation carried out by the national prosecutor's office uncovered that a corruption network involving officials from the Managing Authority in the Economic Development and Innovation Programme. In 2022 the Commission requested corrective measures from the programme authorities, urging them to quantify the scope of the problem and reinforce the system. The managing authority began to scrutinise a sample of close to 500 projects in 43 calls. The additional work carried out by the managing authority and review by the audit authority uncovered additional irregularities and fraud suspicions, pointing to lack of sufficient management verifications and of effectiveness of anti-fraud measures. This led the Commission in early 2025 to interrupt payments for both programming periods until it obtains assurance about the implementation of the necessary system improvements and necessary additional financial corrections.

**In addition to the Member States' corrective capacity and its power to request additional financial corrections when irregularities are detected** if the Commission detects system deficiencies or confirms an error rate above 10% for a programme <sup>(37)</sup>, **REGIO** uses the regulatory tools at its disposal to **stop payments and thus protect the EU budget** (interruptions, suspensions, see details in Annex 7J). In parallel, such interruption letters always contain a request for **remedial actions**, so called "exit points" that allow the concerned programme authorities to know what corrective

actions they need to implement for EU payments to resume. Remedial actions always imply **financial corrections** for the expenditure already declared in the on-going or in previous accounting years, if needed (for corrections applied in 2024, see Annex 7K), and **measures to improve the functioning of the management and control systems** and authorities with a view to prevent future irregularities <sup>(38)</sup>. REGIO does not resume payments until it has audit evidence that appropriate financial corrections were applied and/or the systems were improved as requested.

REGIO will monitor these proceedings and action plans as long as necessary, **until closure of the 2014-2020 programmes** (the payment of the balance at closure can be interrupted) **and after. Legality and regularity proceedings may** indeed **continue**

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<sup>(37)</sup> Or 5% in 2021-2027.

<sup>(38)</sup> This includes the follow-up to agreed ECA findings on individual operations, which may point to the need for system improvements for the audited programmes. See ECA recommendations in their 2021 and previous Annual Reports, which are systematically followed up (see ECA section below).

after the acceptance of the final accounts (defined as “closure” in the Commission guidelines), given that the legality and regularity of underlying transactions can only be confirmed once REGIO has assurance that the estimated residual total error rate (RTER) per programme does not exceed 2% for each accounting year and that all identified irregularities and risks were appropriately addressed by programme authorities. This may entail further Commission compliance or targeted audits on expenditure of the last accounting year and/or following-up on any open issues such as prior payment interruptions, suspensions or financial corrections, stemming from previous audit work. Closure for 2014-2020 will only be complete from the Commission perspective once it confirmed in writing to authorities of a programme that all legality and regularity issues concerning the programme were adequately solved. The Directorate-General will start reporting on the state of closure of programmes as from 2026 (end date for the submission of the last assurance packages under the STEP regulation), in its 2025 annual activity report.

Since the beginning of the 2014-2020 period, following the assessment of the situation of each concerned programme, **REGIO requested additional financial corrections that Member States accepted to apply** – either through DAC audit follow-up steps or formal procedures under Article 145 CPR – **for a total of EUR 909,5 million** (EU contributions) (these corrections are additional to those Member States would have otherwise applied if the Commission had not stepped in<sup>(39)</sup>). In none of these cases but **three** (see above), the Commission assessed that it needed to launch a financial correction decision under Article 145(6) or 145(7) of the CPR.

Additional financial corrections are also requested by the Commission to reach **a “risk at closure” of 2% or below**. Where REGIO re-calculates a residual total error rate above 2% for a programme, it **requests additional corrective actions, including additional work and/or financial corrections** to bring the programme’s residual risk below 2%, following due contradictory procedures (right of defence). These additional financial corrections contribute to reduce the overall risk at payment (and individual residual risk for all programmes each year) at 2% or below, the so-called “risk at closure” <sup>(40)</sup>. For the accounting year 2023-2024 under review, REGIO estimates that once the required additional financial corrections will have been applied, namely for programmes still found to have a residual total error rate above 2% (see section above), the **risk at closure will come down to 2%**, or even below materiality <sup>(41)</sup>. This calculation is at the date of signature of this report **an estimate of the future corrective capacity**. But the Directorate-General has also re-calculated previous years’ risks at payment following

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<sup>(39)</sup> Financial corrections accepted by the Member States for the 2014-20 period, as a result of REGIO audits (EUR 773,8 million), follow up to ECA audit findings (EUR 60.7 million) and to OLAF investigations (EUR 75 million); details are available in Annex 7K.

<sup>(40)</sup> The risk at closure is calculated based on the risk at payment, minus additional financial corrections accepted by the Member State, account taken as well of applied corrective measures (e.g. additional verifications to re-calculate the effective risk in the audited population). Potential additional risks, as reflected in the maximum risk disclosed above, are considered for additional diligent audit activities that allow to re-calculate the risk at payment for the concerned programme if additional audit evidence is collected. But the maximum risk is not a basis to calculate the risk at closure since the Commission cannot impose additional corrections based on risks, without due audit evidence.

<sup>(41)</sup> The increase in the risk at closure compared to previous years is due to the prudent approach taken in this AAR to consider a risk at payment of 2% for all programmes with a reported risk at payment below 2%, due to an important number of programmes that did not submit assurance packages under the STEP regulation and pending the reporting of definitive audit results by March 2026.

effectively implemented corrective actions, including additional financial corrections, to confirm the estimated risks at closure for past years. Since the start of the programming period, additional **corrections of EUR 383 million cumulatively** (in EU contribution) were thus requested by the Commission and accepted (and for some of them already implemented) by the Member States to bring the residual risks of the concerned programmes below 2% (see table with applied corrections for each accounting year in Annex 7K).

REGIO can thus report that, based on the assessment of all available audit results, and following corrective measures and additional financial corrections effectively accepted / implemented following previous annual activity reports, **the risk at closure is now effectively below 2% for all previous accounting years** based on evidence, as estimated in previous years' annual activity reports. **Based on the reported and validated error rates, the Commission's multiannual corrective mechanism is therefore effective, ensuring a residual risk below 2% over time** for all programmes and overall.

See Annex 7J for further details on the number of payments interrupted, warning letters sent, suspension procedures opened and Annex 7K for the financial corrections reported in 2024.

***Actions taken in 2024 to improve the programme authorities' administrative capacity and effectiveness of management and control systems***

Considering that the Commission and ECA still identify weaknesses in the management and control systems, despite being at the end of the programming period, **the Commission took further action** with the programme authorities to further improve the management and control systems. It launched in 2024 a participative debate with both audit and managing authorities to identify the key actions which can solve these weaknesses and enhance the programmes' detection capacity. As a result, in December 2024 **the Commission and the audit authorities jointly agreed an action plan comprising a menu of 22 actions** which programme authorities were invited to select and apply depending on the audit recommendations ECA or Commission audits addressed to each of them (see box). Implementation of the action plan by each Member State's audit authority(ies) will be closely monitored by the Directorate General in 2025, and subject to reporting in the next AAR.

This action plan is additional to several actions that REGIO, in cooperation with EMPL, undertakes each year with programme authorities to improve the effectiveness of management and control systems in reducing the error rate (see more details and examples for 2024 in Annex 7H; see also section 1).

- **Supporting the MAs and AAs to improve their administrative capacities** through guidance, targeted support, continuous training and professional development, peer-to-peer exchanges and transnational networks to simplify procedures and avoid gold-plating.
- **Promotion of less error-prone SCO and FNLC** by assisting and supporting programme authorities to prepare and assess the SCOs and FNLCs in 2021-2027 programmes as well as to understand the requirements in terms of control (see section 1.3.3). SCOs facilitate access to funding particularly for small beneficiaries by reducing the administrative burden of implementation as well as of audits and verifications and also help reduce the error rate. The audit community contributes to the prior assessment of SCO schemes submitted to the Commission for adoption in programmes and actively participates to the corresponding transnational network meetings.
- Providing the **data mining and risk-scoring tool Arachne to Member States** free of charge, which enhances the capacity to detect irregularities, fraud suspicions or possible conflicts of interest. REGIO (together with EMPL and BUDG) further promoted the use of the tool use in 2024 among reluctant Member States

#### **Tackling the non-detection of errors by some audit authorities**

When DAC identifies errors not detected by an audit authority, it carries out an assessment to verify if the non-detection is punctual or due to a more systemic issue (lack of appropriate checks, gap in the audit approach or wrong interpretation of the applicable rules). Recommendations to strengthen or correct the approach are addressed to the concerned AAs and dedicated work sessions are organised, as needed. For example, in 2024 the DAC reported errors not previously detected by the concerned audit authorities in the areas of public procurement (15), State aid (1), ineligible projects (4). This led to the implementation of corrective measures to improve the detection capacity of the concerned audit authorities (improved audit check lists, additional trainings and written guidance for auditors, dialogue with Commission auditors on the root-causes of the cases), and to apply the necessary financial corrections for the concerned irregularities.

#### **Action plan to enhance detection capacity of the Member States' control systems**

Based on a close collaboration with audit and managing authorities the Commission adopted in December 2024 an action plan. The plan outlines a series of possible initiatives aimed at boosting the effectiveness of the audit and control detection capacity. Therefore, it proposes actions to be taken in first instance by the audit authorities, but also proposed to managing authorities and intermediate bodies. The menu of proposed actions targets the following categories: dissemination of information to beneficiaries to improve their understanding of their obligations and rules; analysis of errors detected, and in particular additional errors reported by EU audits; enhanced use of IT tools; staff training; enhanced preventive role of audit; use of complete and updated audit checklists; effective audit practices in line with audit standards (e.g. documentation of verifications / checks done). The implementation of these actions will be subject to continuous monitoring by the Commission services with each Member State's audit authority(ies).

and developed additional functionalities (e.g. linked to the new data on beneficial owners available for 2021-2027 programmes). In parallel, the Commission (BUDG) runs a working group with Member States to develop a corporate, inter-connected and modernised data-mining tool.

- **Continuous analysis of the root causes of errors** that remained undetected by MAs and/or AAs; the results of this analysis is feeding back the DAC annual risk assessment for selecting programmes in view of subsequent risk-based audits. REGIO also reports and discusses with audit authorities errors identified through Commission or ECA audits but not detected (or sufficiently quantified) by audit authorities, and

**encourages AAs to report back and discuss with MAs the un-detected errors** to improve their preventive and detective capacity, e.g. by putting in place further guidance or trainings for their staff and beneficiaries and to correspondingly update the risk-assessments underlying their risk-based management verifications.

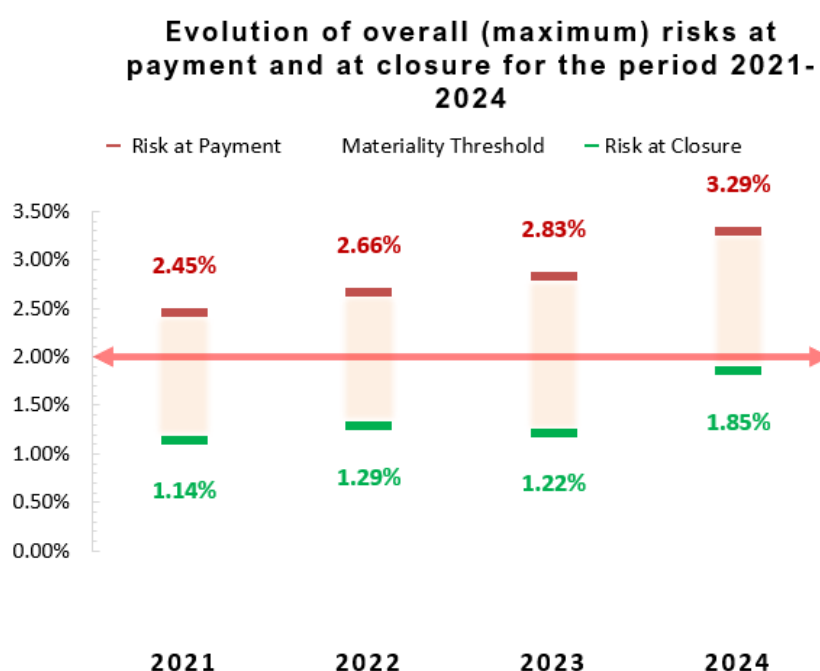
More details on the most common irregularities reported in 2024 by AAs (i.e., not detected by MAs) and by REGIO (i.e. additional errors not detected by AAs and MAs) are presented in Annex 7L, in accordance with the common typology of errors agreed and shared between the Commission and the Member States.

### ***Other management modes and other Funds assurance building process***

The assurance building processes and the control results for ENI-CBC, EUSF, direct and indirect management are described in detail in Annexes 7O, 7P and 7Q.

### ***b) Estimation of the overall risk at payment and risk at closure***

**Chart 5: Overall (maximum) risk at payment and at closure**



The estimated overall risk at payment for expenditure paid in 2024 by REGIO, **2.3%** with a maximum of **3.3%**, is the AOD's best conservative estimate of the amount of relevant expenditure during the year, not in conformity with the contractual and regulatory provisions applicable at the time the payment was made and for which the AOD can request financial corrections from the concerned Member States in line with the regulatory provisions and definitions. The underlying errors <sup>(42)</sup> will be corrected in subsequent years, corresponding to the conservatively estimated future corrections for 2024 expenditure, to reach an estimated residual risk of **1.85%**.

<sup>(42)</sup> Irregularities as defined in the CPR for shared management.

The difference between those two results is the estimated additional corrective capacity to reach the estimated overall risk at closure <sup>(43)</sup>.

There is an increase of the risk at closure in 2024 due to the specific conservative approach taken by the Directorate-General for this year's cohesion policy expenditure (STEP amendment allowing to submit final assurance packages and therefore audit results only in 2026, while large amounts of expenditure were declared in 2024). The Directorate-General will be able to establish a more precise estimate of future corrections in 2026, when having received final assurance packages for all programmes.

For an overview at Commission level, the Commission departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

In line with corporate criteria the risk profile for shared management (ERDF, CF, IPA and ENI) is medium, taking into consideration the maximum risk. However, the individual programmes have different risk profiles: i.e. programmes with reported error rates below 2%, programmes with an error rate between 2% and 5% and a few programmes with a relatively high error rate reported or confirmed above 5% (see Annexes 7E and 7N). For other management modes the risk profile is very low.

### ***c) Quantitative benefits of controls: Preventive and corrective measures***

With its controls, REGIO has an effective mechanism in place for correcting errors, reaching EUR 731.8 million of corrections for 2024 for all management modes. For details see the table in Annex 7K.

This is a decrease compared to last year's EUR 2 billion of overall corrections, that is mostly explained by the possibility under the STEP amendment to the CPR to submit the final assurance packages for cohesion policy 2014-2020 by 15 February 2026 (only 58 final assurance packages having been submitted by 1 March 2025).

### ***d) Fraud prevention, detection and correction***

Since 2008, REGIO is implementing its **joint anti-fraud strategy for shared management**, developed with EMPL and MARE <sup>(44)</sup> based on the methodology provided by OLAF. The strategy has been regularly updated, the last time in December 2019 following a fraud risk assessment. It covers the period 2020-2025 and its implementation is monitored and reported to senior management at least once per year. All actions foreseen in the anti-fraud strategies for shared and direct management have been implemented or are on track <sup>(45)</sup>.

As [co-] lead service for actions 11a, 12, 14, 15, 18, 19b and 36 of the **Commission Anti-Fraud Strategy Action Plan** of July 2023 <sup>(46)</sup>, REGIO has also implemented all foreseen actions for cohesion policy.

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<sup>(43)</sup> This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

<sup>(44)</sup> MARE adopted the JAFS at its first revision, in 2010.

<sup>(45)</sup> Details are available in Annex 7R.

<sup>(46)</sup> COM(2023) 405 final and SWD(2023) 245 final

As part of its zero tolerance to fraud underlying their audit strategy, REGIO closely cooperate with OLAF, providing the required information to facilitate their investigations and communicating cases of fraud suspicions that came to its knowledge during audits or otherwise, and follows up, when legally possible, all recommendations issued by OLAF.

During the year 2024, REGIO has:

- fully implemented 17 financial recommendations;
- partially implemented 4 financial recommendations, because only part of the findings reported by OLAF were supported by sufficient legal basis to implement financial corrections;
- decided not to follow 6 financial recommendations, because it assessed that OLAF’s findings and observations were not supported by sufficient legal basis to implement financial corrections.

Moreover, during the period 2020-2024 REGIO received from OLAF 142 financial recommendations, of which the follow-up is ongoing for 93.

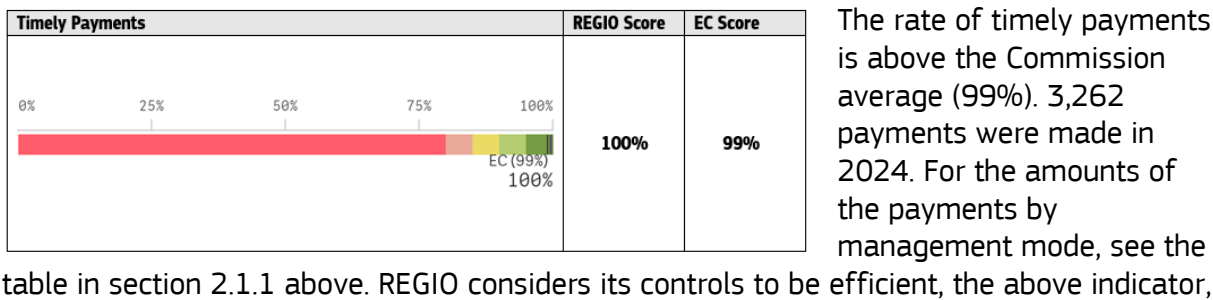
Under the anti-fraud measures in place, other results achieved during the year can be summarised as follows:

- REGIO has carried out a fraud risk assessment on shared management allowing to get an updated picture of existing fraud risks.
- REGIO, jointly with DG EMPL, has supported the anti-fraud capacity building of the national authorities by providing 35 trainings and presentations on detection and prevention of fraud.
- REGIO maintained a close cooperation with OLAF on ongoing reported or investigated cases, with 27 meetings having taken place during the year.

Based on the results reported by the audit authorities on the effectiveness of KR7 (effective anti-fraud measures) and available information, REGIO has reasonable assurance that the anti-fraud measures in place in the different Member States and programmes are effective overall, despite the need for reinforcement in some cases (see box above about an example in HU). However, to strengthen its anti-fraud capacity, REGIO will update, in 2025, its anti-fraud strategy and the related action plan, taking account of the results of the fraud risk assessment carried out in 2024.

2.1.3. Efficiency of controls

REGIO has assessed the efficiency of its control systems through the main indicator on timely payments.



as well as all other indicator results, (see Annex 4) being at a (very) **satisfactory level**. Refer to section 3.4 for an example to improve economy and efficiency.

Additionally, regarding the two REGIO calls for proposals for grants in 2024, the time-to-inform deadline was respected for all applications; time-to-grant was overdue for 2 grant agreements under the IMREG-2023-INFOME call. There was a delay of 12 and 15 days on top of the 275 days deadline. The reason for the delay was non-respect of deadlines by the applicant/consortium, for the first case, and a complex action and/or consortium which required more time for grant preparation, for the second one.

#### 2.1.4. Economy of controls

The 2024 overall annual cost of controls for REGIO is estimated at **0.27%** (EUR 111 million) <sup>(47)</sup> of total payments, increasing by 22% compared to 2023 (0.22%) <sup>(48)</sup>. This is mainly due to a decrease in total payments (-12% vs last year) and the increase of staff costs (6% for civil servants). Most staff costs included in the calculation correspond to supervisory and control activities by geographical and audit units.

The cost of control under **shared management** alone was **0.26%** (EUR 103 million).

The estimated annual REGIO cost of controls amounts to **0.56%** (EUR 3.2 million) of total payments of the year for **indirect management** and **6.5%** (EUR 5.2 million) for **direct management mode**. See Annex 7 for more details on cost of controls.

In relation to the cost of controls in Member States, a study <sup>(49)</sup> concluded that **2.2%** <sup>(50)</sup> of the total eligible costs for ERDF is spent on administrative tasks by programme authorities, compared to an overall 4% for European Structural and Investment Funds (ESIF) in general: ERDF and CF have the lowest administrative costs for managing and controlling per million Euros of eligible funding.

#### 2.1.5. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, REGIO has assessed the effectiveness, efficiency and economy of its control system and reached a **positive conclusion on the cost-effectiveness of the controls** for which it is responsible. The control environment, strategy and costs remained stable during the reporting year compared to the previous year, as described in the previous chapters.

### 2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related to internal control and financial

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<sup>(47)</sup> Ex-ante and ex-post combined. Excludes evaluation activities.

<sup>(48)</sup> Staff in geographical desks (controls in design, implementation and monitoring); audit (assessment of management and control systems in Member States, including the Commission's ex-post audits); service providers to geographical desks (competence centres and units responsible for financial instruments); finance; legal affairs and IT systems; the cost of IT tools (development/maintenance) supporting control activities and the costs related to outsourced audit work.

<sup>(49)</sup> A new study by the European Commission on the assessment of ESIF administrative costs and burden will be published in mid-2025, in which more up-to-date data will be presented.











<sup>(50)</sup> EUR 22,600 per EUR 1,000,000 of eligible funding

management – including the limited conclusion of the Internal Auditor on the state of internal control. Further details for the IAS and ECA audits can be found in Annex 8.

Where an audit has detected weaknesses affecting any internal control principle or the department's assurance, a detailed analysis is provided further below in section 2.3 and 2.4, accordingly.


## Internal Audit Service


In its contribution to the 2024 Annual Activity Report process, the Internal Audit Service concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the 'very important' recommendations, which will be addressed in line with the agreed action plans.

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2022	Audit on Preparedness for closing the 2014-2020 programming period of the ESIF	Very important: 1, 5		
	Audit on the Joint Audit Directorate for Cohesion in DG REGIO and DG EMPL	Very important: 2, 4		
2023	Audit on the Review of the Commission's risk at payment	Very important: 8		
	Audit on the European Union Solidarity Fund (EUSF)	Very important: 1, 2		
2024	Audit on the assurance building processes and audit strategy for the 2021-2027 programming period in DGs REGIO, EMPL and MARE (2024) – Phase I: Design	Very important: 1		

 Action plan implemented and closed by IAS or ECA / No impact on the assurance





 Action plan implementation is ongoing or awaiting review from IAS or ECA


 Preparation of the action plan

 Impact on the assurance


REGIO continuous and systematic implementation of the IAS recommendations and the subsequent follow-up by IAS ensure that the internal control objectives remain robust and the assurance unaffected. Therefore, in view of the ongoing implementation of actions to address the IAS recommendations, the residual risk related to very important recommendations by IAS **does not affect in a material way the achievement of the internal control objectives, and therefore the assurance provided in this AAR**. Refer to Annex 8 for further details.


## European Court of Auditors

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2022	Statement of Assurance (DAS)	8		
2023	Statement of Assurance (DAS)	4		

 Action plan implemented and closed by IAS or ECA / No impact on the assurance

 Action plan implementation is ongoing or awaiting review from IAS or ECA

 Preparation of the action plan

 Impact on the assurance

For its **Statement of Assurance (SoA)** concerning cohesion policy (REGIO and EMPL funds together), ECA focuses in its annual report on the audit work already performed at national level to establish the level of error in declared accounts, before the Commission could complete its own audit work described above. The SoA 2024 is on-going. Only partial preliminary results were received at the date of signature of this report and are under contradictory procedure between ECA, the Member States and the Commission (these preliminary results were taken into account in our assessment as indicated in section 2.1 above). The adversarial process is foreseen after the publication of REGIO's 2024 annual activity report. REGIO therefore refers in this section to the previous, available 2023 annual report of ECA.

For its 2023 annual report ([Annual Reports on the implementation of the EU budget for the 2023 financial year](#)), ECA reviewed 29 assurance packages for the 2014-2020 programmes under cohesion policy (concerning the 2021-2022 accounts received and approved in 2023). Audit authorities had already audited the 204 transactions and 12 financial instruments ECA sampled and had reported 52 quantifiable errors, which mainly concerned ineligible projects and costs and infringements of internal market rules (public procurement and State aid). ECA identified and quantified 47 additional errors that it considered had not been detected by the AAs. Taking account of the errors previously found by the AAs and corrections already applied (EUR 337 million), **the ECA estimated its level of error for cohesion policy to be 10.1%** (compared to 6.7% in 2022, 4.1% in 2021, 3.5% in 2020, 4.4% in 2019 and 5.0% in 2018).

The Commission took note of the increase in the error rate estimated by the ECA in the last two years, compared to a relatively stable and lower level of error reported by ECA in the period 2016 to 2021, and a stable error level reported by audit authorities and the Commission in the same period. Apart from the different methodologies applied due to their respective roles, the Commission attributed the difference with the ECA reported error rate to the fact that, in line with its Treaty obligations, ECA examines whether the amount of money should have been paid from the EU budget and reports errors when money is not used in compliance with relevant EU legislation or with specific national rules. On their side, the Commission and programme audit authorities can only quantify irregularities in the sense of Article 2(36) of the Common Provision Regulation for which they can apply financial corrections. Not all errors reported by ECA fall into this category. Moreover, the

Commission did not share the legal analysis or the conclusions of ECA on an important number of the errors ECA reported and quantified last year, for which it assessed that it would not have a legal basis to impose financial corrections or higher corrections than those already applied.

The Commission however took note of all errors reported by ECA, will duly following up all cases where it agrees with ECA and has a legal basis to act, and in such cases will request additional financial corrections from the concerned programmes. The Commission will also recommend remedial actions to the concerned programme authorities to further improve the management and control systems and their detection capacity, as necessary and feasible (see in particular, the **action plan agreed with audit authorities to improve their detection capacity** mentioned above).

**REGIO also systematically follows up the accepted ECA recommendations** issued in the Annual Reports. In relation to the 2023 annual report of ECA, the Commission accepted all the recommendations issued for Cohesion (related to follow-up of weaknesses detected in Member States' management and control systems, checks of the fulfilment of performance targets foreseen in grant agreements and due preparation and reporting of the 2014-2020 closure). See Annex 8 for further details on ECA's annual report for 2023 and the results and recommendations of **other ECA audits and special reports** involving cohesion policy funding. In particular, ECA published a review (**Review 03/2024: An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending**) which provides an overview of the assurance framework and the key factors contributing to errors in Cohesion spending during the 2014-2020 period. The review does not contain any recommendation, but its conclusions will be considered by the Commission to bring further improvement to the management and control systems at all levels, and already led the Commission auditors to adjust their approach to compliance audits to cover more audit authorities and programmes each year (applying a more targeted scope for audits re-performance for certain transactions, where necessary), taking account of the resources available. The ECA also published a special report (**Special report 22/2024: Double funding from the EU budget**) on the prevention of double funding with the RRF model not linked to costs, which recommendations are expected to further improve the detection capacity of programme authorities in that respect.

## **2.3. Assessment of the effectiveness of internal control systems**

The Commission has adopted an Internal Control Framework based on the highest international standards. <sup>(51)</sup>

REGIO has adapted the Internal Control Framework to their specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

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<sup>(51)</sup> The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

REGIO has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to **internal control principle 10** (selects and develops control activities) and specifically to the risk at payment. Remedial measures are being implemented for 2014-2020 programmes, namely actions to improve the effectiveness of Management and Control Systems such as supporting the Managing Authorities and Audit Authorities in improving their administrative capacities, promote less error-prone simplified cost options, promotion of a data mining and risk-scoring tool, and continuous monitoring and analysis of root causes of non-detected errors.

The identified deficiencies as well as ECA's observations and IAS's very important recommendations have not affected in a material way the functioning of REGIO's internal control system during the reporting year.

## 2.4. Conclusions on the assurance

For **shared management**, the risk "at payment" (KPI 5) is calculated by applying the residual total error rate of the previous accounting year (2022-2023 in this AAR), verified and confirmed by the Directorate General, including with some results still in contradictory procedure, to the "relevant expenditure" for 2024. The risk "at closure" indicates the remaining risk to the 2024 relevant expenditure once the Commission will have applied the necessary additional financial corrections to bring the total residual error rates for all programmes down to 2%. By using the confirmed residual total error rate for accounting year 2022-2023 by programme as detailed in Annex 7E, REGIO identified for which programmes additional financial correction are required after the finalisation of the ongoing audit contradictory procedures.

For the **2014-2020** period under shared management, the estimated risk at payment linked to the 2024 relevant expenditure is calculated at **2.5% (KPI 5)** considering the financial corrections already made at Member States' level. Taking a prudent approach (including at flat rate for certain programmes), REGIO estimated **a maximum risk of 3.6%** as there could be additional risks that are still undetected for some programmes.

For the **2021-2027** period under shared management, the risk at payment is prudently estimated at **2%**.

In conclusion, based on the elements reported above, **management has reasonable assurance** that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance albeit qualified by **two reservations**:

Reservation Title	Financial Impact (in m EUR)		Residual error rate 2024	Evolution
	2023	2024		
ERDF/CF management and control systems for <b>21 programmes of the 2014-2020 period</b> (in nine Member States, and the UK), out of which five Interreg.	142.8	41.32	See individual programmes in Annex 7B.	Maintained
ERDF/CF/JTF management and control systems for <b>7 programmes of the 2021-2027 period</b> (in five Member States), out of which one Interreg.	0	3.05	See individual programmes in Annex 7N.	Maintained

## 2.5. Declaration of Assurance and reservations

*I, the undersigned,*

*Director-General of Regional and Urban Policy*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view <sup>(52)</sup>.*

*State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.*

*Confirm that I am not aware of anything not reported here which could harm the interests of the institution or those of the Commission.*

*However, the following reservations should be noted:*

- A reservation concerning ERDF/CF management and control systems for 21 programmes of the 2014-2020 period (in nine Member States and the UK), out of which five Interreg programmes;*
- A reservation concerning ERDF/CF and JTF management and control systems for 7 programmes of the 2021-2027 period (in five Member States), out of which one Interreg programme.*

*More details are provided in annex 9.*

*Brussels, 25 April 2025*

*Themis Christophidou*

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<sup>(52)</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

## 3. MODERNISING THE ADMINISTRATION

### 3.1. Human resource management

REGIO continuously streamlines its working methods, monitors and optimises the allocation of its workforce to deliver on REGIO priorities and improves its efficiency by establishing measurable targets and delivering results.

Following the **2023 staff satisfaction survey**, REGIO developed a local action plan that aligns with corporate guidelines. This plan focuses on five key themes and includes 19 actions, most of which are ongoing. REGIO will also continue its efforts to enhance staff engagement. In 2024, REGIO **monitored the staff levels** to ensure adequate staffing of the units and to optimise the use of available job quotas to deliver on the Commission's priorities. Issues, such as increased workload, need for internal redeployment and optimal use of job quotas were followed closely. **Mobility** at all levels enabled colleagues to access new job opportunities within REGIO. The objective was to help REGIO staff develop new skills and competencies. Additionally, this initiative allowed REGIO to benefit from shared expertise and experiences. The Commission adopted targets for **first female appointments** to middle management during the 2023-2024 period. In 2024, REGIO maintained gender parity (48.3% at end-2024) in line with the new objectives agreed at the Commission level.

All the actions of the fourth **REGIO Equality Mainstreaming Work Plan** were achieved in 2024. Two equality related workshops for all staff on 'fighting discrimination based on age' as well as on the 'renewed corporate anti-harassment policy' were held. REGIO also organised numerous networking events for staff, including for women leaders as well as parents (and their kids). The inclusion of persons with disabilities was actively promoted among staff. Similarly, Staff was encouraged to organise inclusive and sustainable conferences and events via an internal communication campaign as well as team buildings with a positive social and environmental impact.

More than 300 colleagues and over 130 newcomers benefited from trainings set out in REGIO's Training Plan. This addresses the needs of the staff and allows for various means of formal and informal learning i.e., e-learning, communities of practice, peer learning, on-the-job learning, or knowledge sharing. The Plan includes trainings on ethics, e-learning or on the L&D Toolkit that provides a smoother integration into REGIO.

In REGIO, **internal communication** plays a key role in developing a sense of purpose and European commitment among staff.

- The MyRegio intranet site, which was replaced by the new REGIO intranet end-July, provides easy access to corporate and REGIO news and updates, IT guidance and well-being tips.
- In 2024 the following initiatives took place: encouraging staff to act as Staff Ambassadors and to vote in the June 2024 European elections, BE WELL (Fit@work), Support Ukraine, Volunteering Week and European Week of Sports or the weekly REGIO Bulletin newsletter.
- Under the **"Stories from the regions"** initiative, seven new episodes were produced in-house, published on REGIO's intranet and shared on social networks.

## 3.2. Digital transformation and information management

### Digital transformation

In 2024, the IT unit successfully implemented all planned initiatives and met all the objectives. The enhancements made to flagship systems MyWorkplace, SFC2021, and the Business Reporting platform resulted in near-perfect alignment with the core principles of the EC Digital Strategy. Key examples of how the Strategy's principles have been implemented are presented below.

Objective of the EC Digital Strategy	REGIO's implementation in 2024
<b>1.Foster a digital culture</b>	REGIO demonstrated strong digital leadership by fostering innovation, promoting digital skills, and prioritising cybersecurity. Key initiatives included: <ol style="list-style-type: none"> <li><b>Digital Competence:</b> Provision of training and workshops to promote digital skills among staff, accelerating the adoption of Microsoft 365 tools.</li> <li><b>Cybersecurity:</b> Multi-channel communication to promote training and a secure digital environment, backed by solid IT Portfolio coverage, compliance attestation, and a strong position in the Corporate Risk Maturity Quadrant dashboard.</li> <li><b>Collaboration and Knowledge Sharing:</b> Active participation in communities such as the Digital Stakeholders Forum and the Information Technology and Cybersecurity Board.</li> <li><b>Innovation and Awareness:</b> After the validation by the REGIO's Board of Directors, the Team up for Teams initiative was launched to accelerate REGIO's adoption of the M365 suite of applications, contributing to the digital upskilling of its staff members and the harmonization of collaboration practices and platforms throughout the DG.</li> </ol>
<b>2.Digital-ready EU policymaking</b>	Building on the introduction of the mandatory Legislative Financial and Digital Statement, the IT Unit is now a key stakeholder in assessing the digital impact of new legislation packages. In preparation for the next MFF, REGIO decided to establish a local multidisciplinary team comprising of experts from various units, who will assess digital and data aspects and ensure that digital considerations are integrated into new legislation.
<b>3.Empower business-driven digital transformation</b>	REGIO explored the potential of AI to enhance operations and decision-making processes. Key initiatives include: <ul style="list-style-type: none"> <li>- <b>AI-powered solutions:</b> Three key solutions were explored: (1) A Q&amp;A Assistant to answer third parties' requests for legislative interpretation, (2) REGIO Artificial Intelligence to enhance the work of the IT unit and potentially become a chatbot for topics across the DG and (3) Using AI to assist with project selection analysis.</li> <li>- <b>IT Systems Development:</b> IT systems, including MyWorkplace and SFC2021, continued to develop notably as regards automation of workflows and providing support to decision-making processes.</li> <li>- A <b>Data Governance Team</b> was established to facilitate the implementation of REGIO's Data Workplan, laying the foundation for advanced analytics and AI development.</li> </ul>
<b>4.Ensure a seamless digital landscape</b>	REGIO maintains and updates existing IT systems, ensuring continuity across programming periods through: <ol style="list-style-type: none"> <li><b>Financial Management:</b> The IT unit managed financial transactions and processes across two distinct implementation phases, supporting REGIO's continuity and compliance.</li> <li><b>Reporting Services:</b> The Business Reporting team provides data services to shared management DGs and to the Cohesion Open Data Portal, in alignment with the Commission's data strategy and governance framework.</li> <li><b>Digital Transformation:</b> Significant investments have been made in upgrading financial management and compliance processes, including adapting financial reporting to the SUMMA system and developing a proof-of-concept for PowerBI connectivity.</li> <li><b>AI Initiatives:</b> REGIO explored a range of low risk AI initiatives.</li> </ol>
<b>5.Sustain a green, secure and resilient infrastructure</b>	Regio's IT unit promoted cybersecurity awareness and digital innovation through: <ol style="list-style-type: none"> <li><b>Cybersecurity Awareness:</b> leveraging platforms such as SharePoint, IT Guidance newsletters, and regular meetings with the C-LISO to share cybersecurity updates.</li> </ol>

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|  | <ol style="list-style-type: none"> <li>2. <b>IT Security Framework:</b> successfully maintaining the IT security framework, ensuring compliance with Governance and risk management requirements and earning the highest IT security risk maturity rating.</li> <li>3. <b>Cybersecurity Initiatives:</b> REGIO organised a Cybersecurity Roadshow event, in collaboration with DIGIT, PMO, and REFORM, to increase awareness about digital threats.</li> <li>4. <b>Digital Transformation:</b> The Board of Directors approved a Data Work plan, including the creation of a Digital Transformation Officer role for strategic digital and data initiatives. REGIO is also participating in corporate governance through the IMSB and ISG-AI.</li> <li>5. <b>IT Greening:</b> REGIO's IT greening strategy creates a safer and more sustainable digital environment by streamlining IT systems, reducing digital footprint and promoting the adoption of Microsoft 365 tools to replace legacy systems.</li> </ol> |
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## ***Sharing of information and knowledge***

**RegioWiki** is a key enabler and source for collaboration and knowledge sharing. The creation of the RegioWiki Extranet extends the possibility for external stakeholders to consult the 2021-2027 legislation and related questions and answers. In 2024, further updating and revamps of the geographical and thematic pillars of RegioWiki were done.

**Kohesio**, the public platform for visibility and transparency of cohesion policy funded projects, was further updated and enriched in 2024. It covers data from all Member States and is available in all 24 EU languages. At the end of the year Kohesio contained nearly 2 million projects and 630,000 beneficiaries supported by the ERDF, CF, and ESF including Interreg.

## ***Document management***

To ensure better understanding and proper implementation of e-Domec rules across REGIO, numerous hands-on trainings and presentations were provided by the DMO team to colleagues in 2024. REGIO encourages users to create, use and store information in digital format. The filing plan for the 2014-2020 period were updated in the testing as well as production environment of Ares-NomCom to allow MyWorkplace to use the files in the closure phase of the programmes. REGIO also continued to provide services to REFORM in line with the Memorandum of Understanding on shared services.

## ***Data protection***

REGIO continued implementing the Data Protection Action Plan to comply with the Data Protection Regulation <sup>(53)</sup> taking the following steps:

- Keep updated records in the Data Protection Management System (DPMS) ensuring compliance with data protection principles;
- Organisation of awareness raising activities: general and specific trainings;
- Ensure access to information, guidance and templates on REGIO Wiki.

The REGIO Data Protection Coordinator (DPC) is responsible for the implementation of data protection rules in REGIO (including the Cabinet), liaises with the Commission's Data Protection Officer and participates in DPC network meetings. By end 2024, REGIO managed to train 100% of its staff to reach corporate objective. The DPC offered support and trainings to the data protection contact point of REFORM in the framework of shared services during the first semester of 2024.

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<sup>(53)</sup> (EU) 2018/1725

### 3.3. Sound environmental management

#### *Greener flagship conferences/events*

REGIO is embracing practices to minimise the environmental impact of flagship conferences and events in line with the EU Eco-Management and Audit Scheme (EMAS). To raise the awareness a video was produced to encourage organisation of green and inclusive events, choose sustainable eco-friendly venues and materials, to minimise waste and leave positive environmental footprint.

Event organisers and partners are encouraged to use sustainable materials before and during events. For instance, the European Week of Regions and Cities is a paperless and “less plastic” event, that to a large extent uses recycled and re-usable local materials to build the stands of its exhibition. To offset some 265 tons of the 2024 Week’s CO<sub>2</sub> emissions, REGIO had 2868 trees planted in 2024. In addition, REGIO also encouraged EMAS to develop a compensation scheme at corporate level to offset the generated carbon emissions. Furthermore, REGIO participated in the energy saving actions by closing the CSM1 building during the Christmas holidays season. In addition, REGIO organised three training sessions on implementing strategic public procurement (innovative, green & socially responsible procurement) for Member States managing authorities.

#### *Missions/Transport*

REGIO has implemented several initiatives to reduce carbon emissions while keeping in mind the importance of being on the ground and engaging with local stakeholders when implementing cohesion policy. For missions, shared transport or trains are prioritised, and when flights are necessary, direct flights are favoured when financially possible. Hybrid meetings and online sessions further reduce travel especially for large annual meetings alternating in situ and virtual sessions. For instance, the Joint Auditing Directorate (DAC) follows a hybrid model, with one auditor traveling to the field and the other participating online. REGIO also encourages public transport and soft mobility for commuting and event attendance, while facilitating telework to reduce emissions from staff commutes.

#### *Resources and waste*

The increased use of collaborative tools combined with telework has led to a reduction in printed pages. Similarly, electronic publications are the default. REGIO applies green public procurement principles in expertise contracts encouraging less travel, online meetings, and electronic deliverables. Additionally, REGIO awards the New European Bauhaus prizes, supporting sustainability and zero pollution values.

In general, REGIO reinforced its environmental commitments in 2024 by creating an EMAS team in the DG in line with the recommendations of the Internal Audit of EC EMAS.

### 3.4. Example of economy and efficiency

#### *Cohesion Open Data platform*

[The Cohesion Open Data platform](#) was created in 2015. The platform makes available an array of detailed data on investment plans, implementation, performance and EU payments

in an economic and efficient way so that a wide range of stakeholder at local, regional, national and EU level can access and freely reuse this information. In 2022 it was expanded to bring transparency and accountability to the 2021-2027 shared management programmes managed by DGs REGIO, EMPL, HOME and MARE under the Common Provisions Regulation. The platform has around 1 million visits annually. In 2024, the first financial data on the progress in implementing the national, regional and interregional programmes was published with interactive visualisations. A series of interactive data stories linked to the 9th Cohesion Report was also released.

