

Annual Activity Report 2025

DIRECTORATE GENERAL FOR ECONOMIC AND
FINANCIAL AFFAIRS

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DG ECFIN IN BRIEF

The mission of the Directorate-General for Economic and Financial Affairs (DG ECFIN) is to improve the economic well-being of EU citizens through sustainable and inclusive growth. The DG strives for excellence and works together to create impactful economic policies that enhance macroeconomic stability, productivity and resilience of the Union in a constantly changing world. The DG considers diversity a strength.

The **coordination of economic policy** in the EU foresees that Member States are required to regard their economic policies as a matter of common concern and coordinate them in the Council of the EU. DG ECFIN facilitates these requirements. In 2025, DG ECFIN implemented the first full year of economic surveillance under the new economic governance framework. Additionally, DG ECFIN played a key role in advancing the wider Commission priorities and agenda through its work within the European Semester, supporting Member States in implementing reforms and investments that foster competitiveness and promote prosperity. The work of DG ECFIN is conducted in particular through interactions with the Economic and Financial Committee (EFC), the Economic Policy Committee (EPC), and the Eurogroup Working Group (EWG), which prepares the political deliberations in the ECOFIN Council and Eurogroup.

Besides its work on economic surveillance, DG ECFIN worked under the political guidance of Commissioner Dombrovskis, and in close cooperation with the Commission's Reform and Investment Task Force (SG REFORM) **on the implementation of the Recovery and Resilience Facility (RRF)**, which supports investments and reforms in the Member States. As the 2026 deadline for disbursements under the Facility approaches, the work in 2025 focused on supporting Member States in accelerating the implementation of their Recovery and Resilience Plans (RRPs). As Authorising Officer by Delegation (AOD), DG ECFIN must ensure reasonable assurance on all expenditures under its responsibility, including RRF funds disbursed to Member States and other programmes. Additionally, DG ECFIN manages the Pericles programme and thus contributes to advancing the efforts to fight euro counterfeiting.

DG ECFIN continued to **provide financial support to enlargement and neighbourhood countries** through Macro Financial Assistance (MFA) operations, in particular to Ukraine and also coordinated G7-led the Extraordinary Revenue Acceleration (ERA) initiative for Ukraine, using profits of the immobilised Russian sovereign assets in the EU. DG ECFIN also supported the Commission's contribution to global economic policy coordination by conducting economic surveillance of EU enlargement countries, analysing global economic developments, and participating in international forums such as the IMF, G7 and G20. Close cooperation continued with the European Investment Bank (EIB) Group, the European Bank for Reconstruction and Development (EBRD), the World Bank Group, and other multilateral development banks to enhance policy coordination and ensure alignment with EU priorities.

Human resource management continued to be challenging. DG ECFIN's work on sensitive political priorities (e.g. entering the final implementation phase of the RRF, the revised economic governance framework, work linked to the consequences of Russia's war of aggression against Ukraine, and contributing to new policy initiatives on competitiveness and economic security) has once again resulted in a very high workload. DG ECFIN has sought to mitigate this and to rationalise its resources through streamlining the organisation where possible and reinforcing priority areas by moving posts internally away from less urgent needs to frontline activities.

As part of the **Commission's commitment to mainstream equality** internally and across all policy areas, DG ECFIN adopted an Equality work plan in 2021, which was last updated in 2025. Mainstreaming of equality in existing policies continued also in 2025.

EXECUTIVE SUMMARY

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

Throughout 2025, the DG ECFIN remained committed to fostering Europe's sustainable prosperity and competitiveness. With the RRF approaching its end in 2026, the efforts in 2025 focused on working with Member States to accelerate the implementation of their RRP. This work was done in close collaboration with SG REFORM. The communication *NextGenerationEU – The Road to 2026*,⁽¹⁾ adopted on 4 June 2025, offered guidance on streamlining RRP and preparing final payment requests. DG ECFIN also continued to assess payment requests, leading to the disbursement of 34 payments totalling EUR 87.3 billion. By the end of 2025, cumulative disbursements reached 393.4 billion, representing approximately 62% of the total allocation for the Recovery and Resilience Facility. In parallel, DG ECFIN contributed to the interservice work on the preparation of the Commission's proposal for the next Multiannual Financial Framework (MFF), bringing forward lessons learned from the implementation of the RRF.

In February 2025, DG ECFIN also published the final evaluation of SURE⁽²⁾. The evaluation provides an ex-post assessment of how SURE delivered on its objectives to protect employment and reduce the loss of income, as required by Article 34 of the Financial Regulation and recommended by the European Court of Auditors. The evaluation confirmed that SURE successfully met its objectives and delivered value for money. SURE helped cushion the impact of the pandemic and supported a quick and strong recovery from the pandemic.

2025 marked the first full year of implementation of the revised economic governance framework. DG ECFIN assessed how Member States were delivering on the Council recommendations for their medium-term fiscal-structural plans, drawing on the first annual progress reports submitted. In light of current geopolitical challenges, the Commission proposed in its March 2025 Communication the activation of the national escape clause of the EU fiscal framework to accommodate increases in defence spending. Throughout 2025, DG ECFIN assessed Member States' requests to activate the clause, ensuring it would not jeopardize fiscal sustainability. Additionally, DG ECFIN continued to promote long-term fiscal sustainability by deepening the analysis of the economic impacts of demographic ageing – most notably through the publication of the Ageing Report – as well as looking into the fiscal implications of climate change.

Within the framework of the European Semester, DG ECFIN continued to ensure economic policy coordination across Member States. The 2025 European Semester cycle shifted toward a more comprehensive set of Country Specific Recommendations (CSRs), moving

⁽¹⁾ See COM(2025) 310 final/2 (2025) *NextGenerationEU – The road to 2026*, available at: ad5f00c9-4101-41a0-9d8f-e78f06c0c7ed_en.

⁽²⁾ The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency.

away from the parsimonious approach used in the earlier phases of RRF implementation. The stock of 2019–2024 CSRs was critically reviewed, taking into account their coverage in the RRFs and their ongoing relevance. On that basis, the 2025 CSRs covered all key challenges not sufficiently addressed in the RRFs, including those key challenges that are mentioned in past CSRs and remain relevant. Accordingly, the 2025 cycle offered guidance on reform and investment priorities for each Member State, based on a broadened analysis aimed at identifying the most pertinent structural challenges.

DG ECFIN played an active role in the Commission’s simplification efforts throughout 2025. The RRF communication mentioned above was a key milestone in streamlining implementation for Member States. In the context of the revised Economic Governance Framework, the Commission also adopted a simplification package in October 2025 aimed at removing inconsistencies and aligning three pieces of legislation with the new framework ⁽³⁾. The Commission’s commitment to simplification was also reflected in the 2025 European Semester cycle and the effort to provide a consolidated set of CSRs. At international level, DG ECFIN cooperated with the EIB to simplify InvestEU, as reflected in the Omnibus II package published in February 2025. The proposed changes will increase the size of the EU guarantee and streamline reporting requirements for implementing partners. In line with the commitments set out in the Commissioners’ mission letters, DG ECFIN supported the preparation of Commissioner Dombrovskis’s Implementation Dialogues in 2025, as well as the development of a multiannual plan for stress-testing the EU acquis in the field of economic and financial affairs.







DG ECFIN’s work on Bulgaria’s convergence report culminated in the major milestone of the Council’s adoption of the legislative package for Bulgaria’s entry into the euro area. Throughout this process, DG ECFIN worked closely with national authorities to ensure that Bulgaria fulfilled its policy commitments. In addition, DG ECFIN continued its activities to safeguard euro banknotes and coins through the Pericles Programme. This work was reinforced by the Commission’s adoption in September 2025 of the proposal establishing the Pericles V programme for 2028–2034, ensuring its continuation in the coming years.

At the international level, DG ECFIN further consolidated its role of contributor to a coordinated global economic policy. In a complex geopolitical environment, it ensured the coherent articulation of EU positions across international fora such as the G7, G20 and IMF, in particular concerning Russia’s war of aggression against Ukraine. Moreover, DG ECFIN provided analytical input on the global effects of U.S. trade, tariff and industrial policies, contributing to Commission wide initiatives on economic security. DG ECFIN continued to provide support to neighbourhood and enlargement countries, with a particular focus on Ukraine. In 2025, a total of EUR 10.7 billion were disbursed to Ukraine, alongside the full disbursement of the Ukraine Loan Cooperation Mechanism (ULCM). DG ECFIN provided a major contribution to the conceptualisation and negotiation of the EUR 90 billion Ukraine support loan.

Additionally, new MFA operations were implemented in Jordan and Egypt. DG ECFIN further contributed to the Union’s international objectives by delivering assessments of the preparedness of enlargement candidates and facilitating macroeconomic dialogues which extended as well to other international partners such as Argentina, Canada and South Africa.

⁽³⁾ [Simplification package - EU economic governance framework - Economy and Finance](#)

B. Key performance indicators

KPI	KPI Title	Baseline (2024)	2025	Interim milestone (2027)	Target (2029)
Specific objective 1: Manage and implement financial support to Member States, aligning investments and reforms with EU priorities, in particular in the context of the Recover and Resilience Facility (RRF) and the Multiannual Financial Framework (MFF) and through coordination with IFIs.				Interim milestone (2025)	Target (2026)
1.1	Amount of the share of RRF disbursed	47.0%	62.0%	 Increase	100.00%
Specific objective 2: Conduct economic analysis and coordinate the economic policy of the Member States to promote sustainable and inclusive economic growth while preserving macroeconomic and financial stability.					
<small>Source: Autumn Forecast 2025 Ameco</small>					
2.1	Potential growth for the EU	1.5	1.4	 Increase	Increase
Specific objective 3: Promote fiscal sustainability and economic growth by effectively implementing the revised economic governance framework					
<small>Source: DG ECFIN calculation based on Eurostat data (online table: gov_10d6_edgt1_nra_term_GD, sector: S13, unit: PC_GDP). The data is also available in AMECO (computed as UVDG (general government consolidated gross debt, indicator 1B.1) divided by UVDG (GDP at current prices, indicator 6.1)</small>					
3.1	General government debt (average level of debt to GDP, weighted by GDP, for ten euro area countries with the highest level of debt)	112.6%	113.4%	 Not yet available	Decrease
Specific objective 4: Strengthen the Economic and Monetary Union (EMU) by reinforcing both its economic and financial pillars					
<small>Source: European Central Bank</small>					
4.1	Composite indicators of financial integration - Price Based Indicator	0.65	0.7	 Not yet available	Increase
<small>Source: European Central Bank</small>					
4.1	Composite indicators of financial integration - Quantity Based Indicator	0.42	0.45	 Not yet available	Increase
Specific objective 5: Promote Europe's role as a global leader in economic issues					
5.1	Number of common positions developed for Member States to agree upon relevant issues	10	15	 Remain Stable	Remain Stable

Caption: The table features a colour-coded (left-right) bar system to visually represent the evolution of the indicator in comparison with the target. A green colour (bar on the right) indicates that the indicator is moving in the correct direction, whereas a red colour (bar on the left) suggests that the indicator needs to change course. For numerical indicators, the size of the bar also indicates proximity (distance) to the target.

Comments: The KPI for Specific Objective 1 concerns the implementation of the RRF. The indicator measures the share of the total RRF envelope that has been disbursed. Disbursements under the RRF depend on Member States' performance in implementing their RRP and on the submission of payment requests to the Commission. The ultimate objective is the full disbursement of the Facility by the end of 2026. In 2025, further progress was made towards this goal, bringing total disbursements to 62% of the RRF envelope.

The KPI for Specific Objective 2 reflects the EU's potential economic growth, capturing the long-term growth capacity of the economy by taking into account trends in labour supply, capital accumulation, and technological progress. According to the 2025 Autumn Forecast, potential growth was expected to slow in 2025, declining from 1.5% in 2024⁽⁴⁾. This slowdown is mainly driven by weaker growth in the working-age population, while capital accumulation, labour market participation, and productivity growth are projected to remain supportive.

For Specific Objective 3, the KPI is based on DG ECFIN's own calculations using Eurostat data and is defined as general government consolidated gross debt as a share of GDP at current prices.

For Specific Objective 4, the KPIs relate to composite indicators of financial integration published in the European Central Bank database. The composite integration indicator is a scale-free measure normalised between 0 and 1, where 0 indicates no cross-border financial integration and 1 indicates full integration. For the price-based composite indicator, a value of 1 corresponds to the complete absence of price differentials across financial markets. For the quantity-based indicator, a value of 1 reflects the absence of home bias on the part of investors.

⁽⁴⁾ This value differs from the one featuring in the 2025 Management Plan as it was revised in the 2025 Autumn Forecast.

Finally, for Specific Objective 5, the indicator refers to the number of common positions developed for agreement among Member States on relevant issues. In 2025, outcomes exceeded the planned target, with 15 common positions reached in a year marked by heightened international uncertainty.

C. Key conclusions on internal control and financial management

In line with the Commission's Internal Control Framework, DG ECFIN has assessed its internal control systems 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. Please refer to section 2.3 for further details.

In addition, DG ECFIN has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Services (IAS) and the European Court of Auditors (ECA). These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Moreover, the estimated overall risk at payment and closure coincide at 0.01% in 2025 ⁽⁵⁾, which is significantly below the 2% materiality threshold and also lower than in previous years (0.04% in 2024). Please refer to sections 2 and 4 and Annex 9 for further details.

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. For DG ECFIN, the migration to SUMMA did not significantly affect the standard performance indicators followed during the year (see section 2.1.3 and Annex 4).

All the above elements have been assessed to determine their impact on the management's assurance about the achievement of the control objectives. For further details, please refer to section 2 on Internal Control and Financial Management.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and are working as intended; risks are being appropriately monitored and mitigated. Improvements are necessary concerning two very important findings from the IAS audit on the Recovery and Resilience Facility risk assessment methodology and ex-post audits programme. In addition, as of 28 May 2026, DG ECFIN had three open recommendations from the ECA related to its internal control system that were in the process of being implemented ⁽⁶⁾ (see section 2.2 and Annex 8 for further details).

The Director-General, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance albeit qualified by the maintained reservation concerning two conflict of interests cases that affect the protection of the financial interests of the Union (article 22 (5) of the RRF Regulation) in Czechia ⁽⁷⁾ and the reservation concerning the satisfactory fulfilment of two targets (B8G and B10G), impacting the legality and regularity of the third RRF payment to Poland; at the time of the signature of this AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of both targets. Lastly, another conflict-of-interest case was identified in Czechia. No reservation is issued for this case, as the financial amount concerned is below the de minimis threshold. For further information see Annex 9.

⁽⁵⁾ Excluding the RRF (RCS 1), for which there is no error rate, but a level of risk.

⁽⁶⁾ This does not include ECA recommendations related to the internal control systems of future RRF-type instruments.

⁽⁷⁾ This reservation is maintained from DG ECFIN's 2024 Annual Activity Report.

D. Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between DG ECFIN and the Commissioner(s) on management matters, the main elements of this report and assurance declaration, *including* the reservations envisaged, have been brought to the attention of Commissioner Dombrovskis, responsible for Economy and Productivity (2024-2029).

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

Specific Objective 1: Manage and implement financial support to Member States

Implement the RRF, including REPowerEU

In 2025, DG ECFIN, in close cooperation with SG REFORM, continued to ensure the effective implementation of the Recovery and Resilience Facility (RRF). A total of 34 payments were disbursed to Member States, amounting to EUR 87.3 billion, corresponding to the positive assessment of 1 163 milestones and targets. By 31 December 2025, cumulative disbursements reached EUR 393.4 billion, corresponding to around 62% of the total RRF allocation. Grant payments amounted to EUR 237.5 billion (66% of the total grant envelope), while loan disbursements reached EUR 156 billion (56% of total loan commitments).

DG ECFIN and SG REFORM supported Member States in accelerating implementation throughout the year. As the Facility ends on 31 December 2026, the focus was also placed on preparing for the final year of implementation and supporting Member States for the timely completion of all milestones and targets by 31 August 2026. DG ECFIN and SG REFORM intensified cooperation with Member States to ensure that remaining measures can be completed within the 2026 deadlines. The Communication *NextGenerationEU – The Road to 2026*⁽⁸⁾, adopted on 4 June 2025, provided guidance on streamlining RRP, making use of available revision options, and preparing the final payment requests in 2026. The final REPowerEU chapter was adopted for Bulgaria, and 50 revisions of RRP were assessed. These reflected changed circumstances, addressed implementation bottlenecks, and reduced administrative burden through simplification. More specifically, the Commission had positively assessed 24 simplified national plans by end-2025.

DG ECFIN, jointly with SG REFORM, further strengthened transparency and cooperation with the European Parliament, the Council, and Member States. The Commission held regular exchanges with the European Parliament, continued meetings of the expert group on RRF implementation with Member States, and organised two Implementation Dialogues in Brussels

⁽⁸⁾ See COM(2025) 310 final/2 (2025) *NextGenerationEU – The road to 2026*, available at: ad5f00c9-4101-41a0-9d8f-e78f06c0c7ed.en.

(June and October 2025) to address administrative and reporting challenges. On 8 October 2025, the Commission also published the 2025 RRF Annual Report to give an overview of the latest implementation progress. DG ECFIN further developed its RRF research programme to strengthen the available analysis on the impact of the Facility, including via a call for papers and the organisation of a research conference in Brussels in January 2026.

DG ECFIN and SG REFORM continued to cooperate closely with ECA, ensuring the Court's full access to necessary and relevant information in the framework of the Statement of Assurance, and of ECA Reviews and Special Reports related to the RRF. In 2025, five ECA special reports focused on the RRF in the field of public procurement and State aid, business environment, labour markets, performance and transparency, and digital transition.

Monitor BOP needs

DG ECFIN continued to monitor balance-of-payments risks, notably under the Macroeconomic Imbalance Procedure (MIP). Should a non-euro area Member State request balance-of-payment (BOP) assistance, DG ECFIN stood ready to deepen the analysis and prepare the documents for financial assistance to be granted, as per the legal framework.

Coordinate with the EIB Group, EBRD and other IFIs

DG ECFIN ensured enhanced coordination with the European Investment Bank (EIB) and the European Investment Fund (EIF), the European Bank for Reconstruction and Development (EBRD) and other European and international financial institutions (EFIs and IFIs) when implementing EU policies. This was achieved through the institutions' governing bodies and other means of cooperation.

In this capacity, DG ECFIN continued to work to promote coherence among IFIs in the pursuit of sustainable development and other EU policies, including through closer institutional and policy links. In 2025, DG ECFIN also started the legislative process for the EU to become a shareholder in the Council of Europe Development Bank.

Contribute to the preparation of the new MFF

In 2025, DG ECFIN contributed to interservice work supporting the preparation of the Commission proposal for the next Multiannual Financial Framework (MFF), as well as to the subsequent technical discussions with the Council and the European Parliament following the publication of the proposals. DG ECFIN's input focused on drawing lessons from the implementation of the Recovery and Resilience Facility, enhancing EU competitiveness and the functioning of the Single Market, strengthening the external dimension of EU financial assistance, and supporting the development of a robust performance framework for the next MFF. In line with the Better Regulation Guidelines, DG ECFIN also participated in interservice workstreams on the Impact Assessments underpinning the proposals.

DG ECFIN also presented two Proposals for Regulations to the Council and the European Parliament and prepared the ground for the future negotiations in order to assure the continuation of the Pericles programme in the next MFF. In September 2025, the proposal for a Regulation of the European Parliament and of the Council establishing the Pericles V programme for the period 2028-2034 - COM (2025) 462 final- and the Proposal for extending the application of Pericles V to the non-participating Member States – COM (2025) 461 final were adopted by the Commission. These Proposals built on the Communication from the Commission to the European Parliament, the Council and the European Central Bank on the mid-term evaluation of the 'Pericles IV' Programme, adopted on 20 February 2025 (COM(2025) 54 final) and based on the mid-term evaluation conducted in line with Article 13 of Regulation (EU) 2021/840, which sets out the Pericles IV programme.

Specific objective 2: Conduct economic analysis and coordinate the economic policy of the Member States

Monitor and forecast macroeconomic and fiscal developments and risks

In 2025, the European Economic Forecasts (EEFs) continued to serve as a key component of the European Commission's Treaty-based economic and budgetary surveillance framework, a role that became even more prominent in such a volatile international economic context. The production and analysis of business and consumer survey data were also central to assessing the economic situation and outlook during the year. Moreover, in Autumn 2025, DG ECFIN published a new report: European Macroeconomic Report. The report merges material that would previously appear in the staff working paper associated to the euro area recommendations, and in the alert mechanism report.

As regards the Macroeconomic Imbalance Procedure (MIP), DG ECFIN continued analysing emerging macro stability risks to strengthen the resilience of the EU economies. DG ECFIN presented MIP In-depth Reviews for ten Member States in March and April 2025, complemented with a detailed note on economic interlinkages. The assessment of countries under the MIP was further underpinned by a detailed study on EU housing markets, and by an in-depth study into the latest cost competitiveness developments of Member States. As part of the Commission's broader efforts to simplify procedures, DG ECFIN integrated much of the cross-country surveillance from the Alert Mechanism Report into the new European Macroeconomic Report.

Strengthen our analytical framework for economic policies to strengthen sustainable prosperity and competitiveness

In 2025, DG ECFIN continued to advance its economic models, econometric frameworks, and associated data infrastructure. In line with its objective, these analytical tools provided economic assessments underpinning key priorities in the Commission agenda, including economic competitiveness, financial markets, investment flows, labour markets, structural aspects of tax and benefit systems, trade, and economic security. In particular, DG ECFIN has used state-of-the-art macroeconomic models to analyse the macroeconomic impact of tariffs and defence-related spending, contributing to a comprehensive policy assessment in the context of a changing geopolitical and international environment.

DG ECFIN also continued monitoring corporate sector and labour market as well as productivity developments in the EU, with a macroeconomic perspective, including analysis of the labour market effects of migration. Moreover, ECFIN continued to refine its analysis of economic implications of climate policies, including an investigation of different policy options and broader environmental and distributional aspects (e.g. an analysis of the distributional impact and the investment needs associated with energy and climate policies, as well as of the role of fossil fuel subsidies)

DG ECFIN developed analytical frameworks to assess reforms under the Recovery and Resilience Facility, as well as the impact of the Facility on greenhouse gas emission reduction. DG ECFIN has strengthened its analytical capacity for medium- and long-term growth assessment, including the analysis of potential output, labour market conditions (Non-Accelerating Wage Rate of Unemployment, NAWRU), and productivity projections in EU Member States.

Regarding the analysis of financial markets, DG ECFIN has continued to develop its macro-financial model in collaboration with the Joint Research Centre (JRC) and the European Stability Mechanism, extending it to a larger range of applications in monetary policy, macro-financial dynamics and financial sector risks, inter alia. DG ECFIN has rebooted the development of the FinFlows database on cross-sectoral and cross-border financial interlinkages. This data underpinned key findings in the new European Macroeconomic Report and is used for enhancing macro-financial surveillance.

DG ECFIN also developed a robust equilibrium exchange rate model that started to be used for country assessments in late 2025. At the same time, DG ECFIN developed the Primary Rate-of-Interest Structural Model (PRISM) to assess developments of policy interest rates and sovereign yields applying it in particular to study turbulences in international sovereign debt markets, monetary policy and exchange rate developments, and underpin inflation assumptions governing DG ECFIN's debt sustainability analyses.

Building on its monitoring of European housing markets since 2010, DG ECFIN continued to expand its housing assessment frameworks with a focus on supporting the housing task force and other DGs. In particular, DG ECFIN built up a large-scale regional housing affordability database, which allowed for estimating regional housing investment needs. DG ECFIN substantially contributed with sound analysis and data expertise to the European Affordable Housing Plan and its supporting Staff Working Document published in December 2025.

Ensure economic policy coordination in line with the Union's priorities and monitor risks of macroeconomic imbalances through the European Semester

In 2025, the European Semester has continued to align with the European Commission's commitment to fostering competitiveness. The 2025 Semester Cycle also marked the beginning of a gradual shift away from the focus on implementing the RRFs as the RRF is set to come to an end in 2026. Specifically, the 2025 country reports provide a thorough analysis of economic, employment and social developments within Member States, in line with the framework of the Competitiveness Compass. Country Specific Recommendations (CSRs) provided guidance on reform and investment priorities in each Member State based on a broadening analysis to identify the relevant structural challenges. This reflects DG ECFIN's effort to better align the Semester with the Commission's broader policy priorities, such as competitiveness and resilience.

In autumn 2025, the Alert Mechanism Report took stock of overall macroeconomic resilience across Member States. In addition, the new European Macroeconomic Report (EMR), published in November 2025, provided a fresh, comprehensive assessment of the EU's economic outlook, combining the Autumn 2025 Economic Forecast with in-depth macroeconomic analysis in selected areas, namely household savings financial flows and defence spending, that underpins EU policy guidance for 2026 and beyond.

Contribute to delivering on the Commission's simplification and implementation agenda

In 2025, DG ECFIN continued to play an active role in advancing the Commission's simplification agenda. In February, the Commission adopted the Omnibus II package, which introduced a set of proposals aimed at reducing administrative burden and simplifying existing rules under the InvestEU programme. These efforts resulted from the close cooperation between DG ECFIN and the EIB group to simplify mandates for funding solutions.

In June 2025, the Communication "NextGenerationEU – The Road to 2026" provided guidance to Member States ahead of the 2026 disbursement deadline for the RRF. The Communication invited Member States to streamline their RRFs, including by reviewing the wording of measures, milestones, and targets to ensure that they focus on essential elements while remaining fully aligned with the assessment criteria set out in the RRF Regulation. Following its adoption, DG ECFIN, together with SG REFORM, supported Member States throughout this process, which led to the Council's approval of the streamlined plans.

In the context of the revised Economic Governance Framework, the Commission also adopted a simplification package in October 2025 aimed at removing inconsistencies and aligning legislation in the area of macroeconomic surveillance with the 2024 reformed economic governance framework ⁽⁹⁾. DG ECFIN followed the negotiations in the Council, which culminated in the agreement reached in the Council Working Party of Financial Counsellors (FICOs) on a

⁽⁹⁾ [Simplification package - EU economic governance framework - Economy and Finance](#)

general approach to the package in December 2025, and in Coreper subsequently granting a negotiation mandate.

Moreover, within the European Semester, the Commission pursued practical simplifications to the monitoring of progress related to the implementation of CSRs.

Until 2025, Member States were required to report annually on the implementation of 530 CSRs (comprising 1 900 subparts) issued since 2019. In 2025, the stock of 2019–2024 CSRs was reviewed to assess their relevance and their coverage within the RRP. On this basis, the CSRs issued in 2025 focus only on key challenges not adequately addressed in the RRP, including those from the 2019–2024 cycle that remain relevant. This will significantly improve the focus of policy coordination efforts while reducing the annual reporting falling on Member States.

DG ECFIN also supported the preparation of Commissioner Dombrovskis's Implementation Dialogues in 2025 and contributed to the development of a multiannual plan for stress-testing the EU acquis in the field of economic and financial affairs. Lastly, DG ECFIN supported the preparation of Commissioner Dombrovskis' Annual Progress Report on Simplification, Implementation and Enforcement. This report, together with the Overview Report on Simplification, was presented to various Council and European Parliament formations, including the GAC, COMPET, and the JURI Committee.

Specific objective 3: Promote fiscal sustainability and economic growth by effectively implementing the revised economic governance framework

Ensure the implementation the EU economic governance by providing guidance and monitoring the fiscal policy of Member States

In the context of the revised economic governance framework, DG ECFIN continued to monitor Member States' fiscal policies. During the Spring of 2025, DG ECFIN assessed the implementation of the Council recommendations on the medium-term fiscal-structural plans, on the basis of Member States' first annual progress reports along with other relevant information. In Autumn 2025, DG ECFIN assessed the 2026 Draft Budgetary Plans of euro area Member States.

As part of its regular surveillance of fiscal policies in the euro area, DG ECFIN continued to monitor the aggregate fiscal stance in the euro area, on the basis of annual progress reports and draft budgetary plans submitted by Member States. The DG also assessed five national medium-term plans submitted in 2025, and took steps under the Excessive Deficit Procedure where justified. Finally, DG ECFIN continued policy-relevant analysis on fiscal policy, in particular in its annual Report on Public Finances in EMU, with a view to issue guidance on relevant topics and to support the implementation of the reformed EU economic governance framework. The Debt Sustainability Monitor provided the annual assessment of fiscal sustainability risks in

the EU Member States. DG ECFIN also contributed to methodological improvements of the European Commission's debt sustainability analysis within the dedicated working group of the EFC-A.

Ensure that fiscal policy effectively responds to emerging challenges, including defence and economic security

In view of current geopolitical challenges, the Commission suggested in its March 2025 Communication the activation of the national escape clause of the EU fiscal framework to accommodate increases in defence expenditure. **In 2025, DG ECFIN assessed 16 requests by Member States to activate the national escape clause and in line with Regulation 2024/1263, it assessed that fiscal sustainability would not be endangered over the medium-term and prepared recommendations for Council recommendations activating the clause** ⁽²⁾. DG ECFIN then monitored the implementation of the economic governance framework, taking into account the flexibility provided by the national escape clause as relevant.

Contribute to long-term fiscal sustainability through deepening the analysis of economic, fiscal and social aspects of demographic change and ageing

In 2025, DG ECFIN worked together with the EPC Ageing Working Group (AWG) and the Member States to start the preparation of the 2027 Ageing Report, which assesses the long-term economic and budgetary impact of ageing.

In the second half of 2025, DG ECFIN provided discussion notes to the AWG on the demographic scenarios and the Cohort Simulation Model, laying the groundwork of the later phases of the long-term projection exercise.

Strengthen national fiscal governance and public finance management

DG ECFIN provided guidance to Member States on transposing the amendments of the budgetary framework directive that stem from the revision of the Economic Governance Framework via publications, bilateral outreach and the EFC-A. An interim report on transposition was published on 30 June and a report on independent fiscal institutions on 17 December.

DG ECFIN supported the implementation of the new requirements for Member States to report in their budgetary documents on their assessments of macro-fiscal risks from climate change via a dedicated publication and workshops. In addition, DG ECFIN conducted the third survey on green budgeting practices in EU Member States and the second such survey on public investment management. DG ECFIN further advanced the work, including

via a dedicated publication, integrating the macro-fiscal risks from climate change into its standard macro-fiscal surveillance framework. DG ECFIN continued its annual conference series on national fiscal frameworks (9 December) and on green budgeting (5 November) to ensure in-depth exchange with stakeholders.

Specific objective 4: Strengthen the Economic and Monetary Union (EMU) by reinforcing both its economic and financial pillars

Monitor and provide guidance for economic policy coordination in the euro area

As part of the European Semester, DG ECFIN adopted tailored advice on the economic policy of the euro area Member States through the Euro Area Recommendations. The recommendations review fiscal, financial and structural issues, as well institutional aspects of the Economic and Monetary Union, while also providing an agenda setting for the euro area as a whole and a framework to steer policy debates within the Eurogroup. The recommendations are underpinned by the new European Macroeconomic Report, which provides an analysis of economic policy challenges in the euro area and in the EU, including as regards risks of macroeconomic imbalances.

The 2026 euro area recommendations published in November 2025 call on euro area Member States to safeguard fiscal sustainability while creating space for key investments, including on defence and competitiveness. They also call for tackling defence-industry bottlenecks and promoting joint procurement so that higher spending translates into real capabilities. The recommendations highlight the need to prioritise public and private investment in research and innovation, industrial decarbonisation, clean energy and digital transition, economic security and the reduction of strategic dependencies across value chains. They also underline the need to complete the RRF by August 2026 to fully capture its growth impact. Finally, on structural reforms, they call for further reforms of the labour markets — including boosting skills, improving education, and raising job quality—for strengthening the Single Market and investing in innovation and strategic sectors.

DG ECFIN also published in June 2025 the Quarterly Report on the euro area, featuring topical and policy-relevant economic analysis on the euro area economy.

DG ECFIN continued discussing the euro area economic policy with international institutions, in particular in view of the consultations of the IMF Art. IV (In May and November 2025) and the OECD Economic Survey of the EU and euro area (in April).

Contribute to overall EMU deepening and notably the savings and investments union, focusing on economic, monetary and fiscal aspects

In 2025, DG ECFIN played a supporting role in advancing the Savings and Investment Union (SIU) within the broader framework of EMU deepening, contributing to the Commission's overarching objectives on sustainable prosperity and competitiveness, including by supporting key enablers identified in the Competitiveness Compass, notably deeper capital markets and more effective mobilisation of private investment. DG ECFIN provided targeted economic, monetary and fiscal analysis and policy input, including through inter-service consultations and contributions to project groups, helping to shape the Commission's final legislative files and policy recommendations. Its work focused in particular on increasing the uptake of supplementary pensions, streamlining the securitisation framework, contributing to the Crisis Management and Deposit Insurance (CMDI) reform, and shaping renewed policy discussions on liquidity in resolution, in support of financial stability and a deeper Single Market.

Promote ERM II participation and expand euro area membership if possible

In 2025, DG ECFIN prepared a special convergence report for Bulgaria, at the request of the country. The report was adopted by the College on 4 June 2025 and concluded that Bulgaria fulfils all the conditions for euro adoption. On 8 July, the Council adopted the legislative package for Bulgaria's entry in the euro area on 1 January 2026. During the preparation of the convergence report, DG ECFIN also continued to monitor and report on the implementation of the policy commitments made by Bulgaria upon the European Exchange Rate Mechanism II (ERM II) entry. Finally, DG ECFIN also continued to work with the Bulgarian national authorities to ensure an appropriate technical preparation for the euro changeover.

In 2025, DG ECFIN started working on an adjusted convergence framework for euro adoption in Montenegro. The adjusted framework aims at addressing the country's unilateral euroization and will be endorsed by the Eurogroup Working Group. Elements of the adjusted framework will be reflected in the relevant part of Montenegro's future Accession Treaty

Promote the use and international role of the euro, in particular by protecting it against counterfeiting and advancing the digital euro

A strong international euro is vital for EU strategic autonomy, which DG ECFIN continued to support by fostering a resilient EU economy, in particular through the implementing of the RRF and Savings and Investment Union.

DG ECFIN continued, in close collaboration with other services, to engage in the negotiations of the Proposal for a Regulation of the European Parliament and of the Council on the establishment

of the digital euro (COM/2023/369 final) and of the Proposal for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins (COM/2023/364 final).

In 2025, the protection of euro banknotes and coins against counterfeiting continued through the implementation of the Pericles IV programme. DG ECFIN kept monitoring the application of the Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation. Additionally, it continued monitoring the compliance of national measures transposing the Directive 2014/62/EU of the euro and other currencies against counterfeiting by criminal law and carry-on implementing euro cash policy and legislation.

Specific objective 5: Promote Europe's role as a global leader on economic issues

Support coordinated positions through IMF, G-groups and International Financial Institutions

DG ECFIN continued to play a key role in global economic policy coordination, working to reach consensus in the G7 and G20 on EU's international economic priorities. In a very challenging international environment, DG ECFIN managed to achieve good results on the EU's finance track international priorities, including on macroeconomic policy coordination, pushing for advances on the international financial architecture and debt sustainability agenda and supporting the work on climate and taxation during the South Africa G20 Presidency.

DG ECFIN also helped advance the discussion on financial sector regulation, including crypto assets, as well as on sustainable finance-related issues. A main achievement was the strengthened EU coordination and resulting alignment among EU Member States to speak in a unified way in international fora, including the G7, G20, and IMF. Importantly, DG ECFIN contributed to keeping the G7 united as regards supporting Ukraine and putting pressure on Russia in an environment where like-mindedness also in the G7 became significantly more challenging during 2025. DG ECFIN efforts led to all G7 Finance Ministers, including the US, stressing the importance of working further on addressing Ukraine's financing needs, in imposing additional sanctions and stepping up pressure on Russia through sharp G7 statements in October and December.

Another important achievement was DG ECFIN's contribution to the good progress made by G7 Finance Ministers in supporting work to secure resilient supply chains for critical minerals. The G7 agreed that the use of non-market policies and practices to disrupt critical minerals supply chains can have significant negative global macroeconomic consequences and expressed deep concern about the use of export controls on critical mineral supply chains. Progress was also made in the G7 on the international tax system, with delivery of a side-by-side system that supports a constructive dialogue on the taxation of the digital economy and on preserving the tax sovereignty of all countries.

Finally, DG ECFIN provided support to the South African G20 Presidency on key files during their presidency and therefore by securing crucial progress on the work of the Compact within Africa, the Cost of Capital Commission and debt issues, while ensuring the interest of the EU and keeping EU Member States aligned during G20 negotiations.

Develop strategic economic cooperation with key partners

In a complex and increasingly uncertain geopolitical and economic environment, DG ECFIN continued providing timely, independent and comprehensive economic analysis to support the European Commission's global policy priorities and support economic security. DG ECFIN closely monitored global macroeconomic trends, challenges, risks and policy developments, placing particular emphasis on large economies, notably the United States, China, and other non-EU G20 countries.

A key strand of work concerned the analysis of the impact of US trade, tariff and industrial policies on the global economy. In this context, DG ECFIN also analysed global trade diversion, supply-chain shifts and energy market developments linked to geopolitical shocks. DG ECFIN continuously monitored and analysed the Russian economy, with a strong focus on the economic impact of sanctions and the war of aggression against Ukraine. In addition to analytical inputs, DG ECFIN contributed to the Commission-wide work on economic security, ensuring consistency between economic security objectives and wider economic objectives of the EU. In particular, DG ECFIN provided substantive input into inter service consultations on economic security-related legislative and non-legislative proposals.

In parallel, DG ECFIN actively pursued and strengthened bilateral macroeconomic dialogues with key G20 partner countries which in a year of heightened global uncertainty and significant geopolitical shifts, were essential for maintaining open lines of communication, building mutual understanding, and exploring areas for policy coordination on issues of shared interest such as economic security, resilience, productivity and sustainable growth. In 2025, Macroeconomic dialogues took place with China, Argentina, Mexico, Brazil, South Africa, the GCC and Canada.

Provide support to neighbourhood countries and enlargement countries

In 2025, DG ECFIN prepared and implemented new MFA operations. A fourth operation for Jordan was adopted by co-legislators in April 2025. The Memorandum of Understanding outlining the policy conditions started to be implemented in the second half of the year, with a first disbursement of EUR 250 million in September 2025. In view of the persisting geopolitical tensions, the Commission made a new legislative proposal in August 2025 to increase the MFA support by another EUR 500 million. The second part of MFA to Egypt worth EUR 4 billion was adopted by co-legislators in June 2025, with the first disbursement expected in January 2026. Finally, the second and last tranche of MFA for North Macedonia (which is available until 2026) was not disbursed due to a lack of progress in implementing policy conditions and the lack of an IMF programme.

In 2025, DG ECFIN continued to closely monitor the economic developments in the EU's neighbourhood and in enlargement countries and remained prepared to intervene with additional MFA if requested by third countries and if conditions for MFA were fulfilled. DG ECFIN also continued to evaluate the impact of the MFA operations. In this respect, the ex-post evaluation of the MFA operations to Moldova, Georgia (MFA III) and Ukraine (MFA IV) was finalised, as well as the ex-post evaluation of the COVID-19 MFA package covering ten countries. The ex-post evaluation of four MFA operations to Ukraine (2022-2023) was launched.

DG ECFIN provided an assessment of the level of preparedness and progress by all enlargement countries towards meeting the economic criteria for joining the EU, published in the 2025 Enlargement Package on 4 November. DG ECFIN also prepared assessments of the enlargement countries' annual Economic Reform Programmes (ERPs) as an input to the Economic and Financial Dialogue with the EU which adopted Joint Conclusions with country-specific policy guidance in May 2025. In collaboration with the EEAS and relevant DGs, DG ECFIN conducted macroeconomic dialogues and analytical work to support the structural transformation of enlargement countries' economies and help them advance on their EU accession process.

Provide dedicated financial support to Ukraine

Since the beginning of Russia's war of aggression against Ukraine, DG ECFIN has played a key role in managing Ukraine support. Following the disbursement of EUR 18 billion in 2023 under the MFA+ programme, the Ukraine Facility became the Union's primary budgetary support instrument for Ukraine in 2024, providing EUR 16.1 billion of budgetary assistance in 2024 and EUR 10.7 billion in 2025. Nevertheless, as a result of Russia's ongoing aggression, Ukraine's financing needs remained at exceptionally high levels in 2024. This prompted the G7's leaders to pledge in mid-2024 EUR 45 billion in Extraordinary Revenue Acceleration (ERA) loans, to be repaid using revenues generated from immobilised Russian sovereign assets. The EU built on this pledge by adopting Regulation (EU) 2024/2773 establishing the Ukraine Loan Cooperation Mechanism (ULCM) and providing exceptional MFA to Ukraine, worth up to EUR 18.1 billion in highly concessional terms to minimise the pressure on Ukraine's public finances. This MFA support was fully disbursed in 2025, following Ukraine's fulfilment of policy conditions related to, inter alia, macro-financial stability, state-owned enterprises, and public administration, all of which were consistent with the Ukraine Plan. DG ECFIN also coordinated the implementation of the ERA loans initiative with other G7 partners. Overall, EUR 33.7 billion was disbursed by the G7, including the EU, over the course of 2025, helping Ukraine sustain its economy and continue facing Russia's unjustified war of aggression. The EU implemented the Ukraine Loan Cooperation Mechanism for the first time in summer 2025, providing EUR 1.5 billion from the extraordinary revenues generated from the immobilised Russian sovereign assets to Ukraine to service the ERA loans extended by G7 lenders including the EU.

Faced with Russia's ongoing aggression, the Commission presented in December 2025, under DG ECFIN's lead and in cooperation with other services, two possible financing options to support Ukraine in 2026 and 2027: a Reparations Loan based on the cash balances associated with immobilised Russian sovereign assets, and an alternative solution

based on EU borrowing backed by the EU budget headroom. At its meeting of 18 December 2025, the European Council decided to proceed with the EU-borrowing option, agreeing to provide Ukraine with EUR 90 billion in financing over 2026 and 2027 through a limited-recourse loan, while also asking the Council and the European Parliament to continue work on the technical and legal aspects of the Reparations Loan. Following this political agreement, DG ECFIN played a central role in preparing the Commission proposal, adopted on 14 January 2026, establishing the Ukraine Support Loan as the new instrument to operationalise this financing. In December 2025, the Council decided to prohibit transfers of immobilised Central Bank of Russia assets back to Russia in a more durable way, on the basis of Regulation 2025/2600, which uses Article 122 TFEU as a legal basis.

DG ECFIN continued contributing to the coordination of the reconstruction efforts of the European Financial Institutions for Ukraine. DG ECFIN notably continued close cooperation with the EIB, the EBRD and other implementing partners to support Ukraine in 2025, including through their participation in the Ukraine Facility.

External Communication

DG ECFIN carried out external communication activities to promote its priorities, explain its action, and engage with institutional partners, stakeholders and the public. Such activities included (i) regular press releases, Q&As and replies to journalists, in close cooperation with the Spokespersons' service; (ii) an informative and user-friendly DG ECFIN website and innovative social media content; (iii) major events, such as the Brussels Economic Forum; (iv) academic publications by DG ECFIN experts; (v) the external DG ECFIN newsletter; and (vi) the conclusion of a new media partnership for the production of audio-visual content. Bulgaria's preparation to join the euro area offered an opportunity to raise the public's awareness of the benefits of the euro and a well-functioning EMU, both through the cofinancing of Bulgaria's national euro changeover communication campaign and through DG ECFIN's own activities. The Eurobarometer surveys were an important tool to gauge sentiment, both in non-euro and euro area countries.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

This section presents the control results and other relevant information that support assurance on the achievement of the financial management and internal control objectives. It reports on the performance of internal control and management systems covering all activities, programmes, and management modes relevant to DG ECFIN.

Assurance is provided on the basis of information on the efficiency and effectiveness of internal control systems and governance processes. Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness, considering the results of the audits carried out by internal and external auditors as well as their recommendations. Annex 7 provides a list and details of the reports that have been considered to establish that the available evidence is reliable, complete, and comprehensive.

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Director-General of DG ECFIN. The results of this assessment are explicitly documented and reported to the Director-General.

Section 2 is structured into 2.1. Control results, 2.2. Audit observations and recommendations, 2.3. Assessment of the effectiveness of internal control systems, 2.4. Conclusions on the assurance, and resulting in 2.5 Declaration of Assurance and reservations.

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 (i.e., low error rates (below the materiality threshold of 2%) mean that controls are effective).
- **Efficiency:** The average time taken to inform or pay (i.e., payments are made within the legal deadline).
- **Economy:** The proportionality between the costs of controls and the funds managed.

The overall objective is ensuring an adequate balance between low error rates, fast payments, and low cost of controls.

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

At DG ECFIN, financial operations relate to two main categories: **direct budget management** and **indirect budget management**. Each has its own specificities, so the DG ECFIN's control system uses these categories as building blocks.

Direct budget management accounts for the vast majority of DG ECFIN's expenditure and encompasses grants under various programs and instruments, including the Recovery and Resilience Facility (RRF) in RCS 1, the Macro-Financial Assistance (MFA) programmes under RCS 2, grants for the Business Consumer Surveys (BCS), the Pericles programme and the HERO Pilot Project included in RCS 3. Direct management also involves the ULCM, procurement, expenses in direct management under co-delegation, and other expenses in direct management all placed under RCS 3. It also includes equity investments (EBRD, BCE, EIF and others) under RCS 4. Lastly, RCS 5 contains support expenditure for the InvestEU Programme which is also under direct management.

Indirect budget management covers two payments to the InvestEU Advisory Hub in RCS 5 and a relatively small amount related to other expenses under indirect management, including two contribution agreements with the OECD and a training course provided by the IMF, under RCS 3. Please refer to Annex 11 for further information.

In February 2025, **DG ECFIN transferred the management of a number of programmes and instruments (including InvestEU) to DG GROW**. This includes the instruments reported under RCS 2, 3, 4, 5, 6, 8, 9 and 10 in the 2024 AAR of DG ECFIN. For 2025, the financial management and controls of these instruments is reported by DG GROW. DG ECFIN reports only on the financial transactions that took place before the transfer to DG GROW. This is covered in RCS 5 and includes two payments for the InvestEU Advisory Hub (IEUAH) (Ex-RCS 9) and four payments for support expenditure for the InvestEU Programme.

The table below illustrates the scope of the assurance, with an **overview of DG ECFIN's activities per relevant control system**, including expenditure (i.e., payments made and relevant expenditure during the year), and non-expenditure items (NEIs), which includes revenues, assets and off-balance sheet items ((in)tangible or financial assets and liabilities). For a detailed description of the **department's RCS design, including control strategies and the three key "EEE" indicators** (effectiveness, efficiency, and economy of controls), please refer to Annex 6. The **results of the controls** are presented across section 2.1, with additional details provided in Annex 7.

The **RRF represents 95.9% of the total expenditure under DG ECFIN's management**, with EUR 40.1 billion. The control system of the RRF is detailed in section 4.2 and Annexes 6 and 14.

DG ECFIN 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 into account the multi-annual character of programmes and the nature of the payments concerned. DG ECFIN uses the following definitions of a positive conclusion for the five Internal Control Objectives and their associated indicators:

- **Legality and Regularity:** DG ECFIN will come to a positive conclusion regarding the residual error rate ⁽¹⁰⁾, if it stays below 2% ⁽¹¹⁾.
- **Cost-Effectiveness:** cost of controls ratios and error rates remain low and stable compared to last year, with no unjustified increases. In addition, efficiency indicators consistently demonstrate strong performance over time, with payments being made promptly and reliably within the legal deadline.
- **Anti-Fraud Strategy:** no qualification to the Declaration of the Assurance.
- **Safeguarding of assets and information:** adequate return with no or minimal breaches to assets guidelines.
- **Reliability of Reporting:** no material error and no reservations.

The **main benefit of controls is the achievement of control objectives**, e.g. error-free financial statements and legally compliant transactions. Some control objectives are explicitly provided for all DGs such as time-to-pay (all), time-to-inform (grants), and time-to-contract (grants). DG ECFIN considers that these **controls will be cost-effective** if their costs are considered acceptable by management and if periodically these controls are re-assessed, improved, made less costly, and/or more risk differentiated. Nonetheless, some controls, identified through periodic risk assessments, must be exercised irrespective of their historic outcome.

The **effectiveness of controls** is assessed in section 2.1.2, which examines the level of error found and distinguishes between expenditure items (sub-section a)) and NEIs (sub-section d)). Sub-section b) presents the evolution of **overall risk at payment and risk at closure** since 2021, excluding the RRF. Sub-section c) analyses the **quantitative benefits of controls**, including preventive and corrective measures, while sub-section e) presents DG ECFIN's efforts to **prevent, detect, and correct fraud**.

The **efficiency of controls** is evaluated in section 2.1.3, which focuses on the average time taken to inform or pay.

Section 2.1.4 examines the **economy of controls**, assessing the ratio between the estimated cost of controls and the funds managed.

Finally, section 2.1.5 **concludes** on the extent to which the applied control strategy in DG ECFIN has achieved the relevant control objectives efficiently and at a reasonable cost, striking a balance between low error rates, fast payments, and low control costs.

For additional context, Annex 5 provides a detailed explanation of how the AOD defined the **materiality threshold**, including in the context of the RRF, which serves as the basis for determining whether significant weaknesses should be subject to a formal reservation in the Declaration of Assurance.

⁽¹⁰⁾ The residual error rate represents the rate of error remaining after corrections (e.g., recoveries, off-settings) have been made.

⁽¹¹⁾ This does not concern the payments under the RRF, since there is no error rate in the case of the RRF, but a level of risk.

Overview table – expenditure and non-expenditure items

1. Risk-type / Activities	Grants (e.g. actual costs based, or lump sums, or entitlements)	Procurement (e.g. minor or major values)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (describe any other expenditure not covered by the previous columns)	Main indicators		Total Expenditure (share of total)		NEI, e.g. Revenues, Assets, OBS ((in)tangible or financial assets & liabilities)				
					Pay Time	Ex-ante Measures	Total Expenditure	Share of total	Revenue (³)	Financial assets & cash, receivables (+)	Financial liabilities (-)	Financial income (-)	Financial costs (+)
RCS 1 - Recovery and Resilience Facility (RRF)	40,077,523,876.00				100 %	50,039,894.00	40,077,523,876.00	95.88 %	6,287,907,275.00				
RCS 2 - MFA operations - Provisioning of financial assistance	135,000,000.00				100 %		135,000,000.00	0.32 %					
RCS 2 - MFA operations - Grants	0.00						0.00	0.00 %					

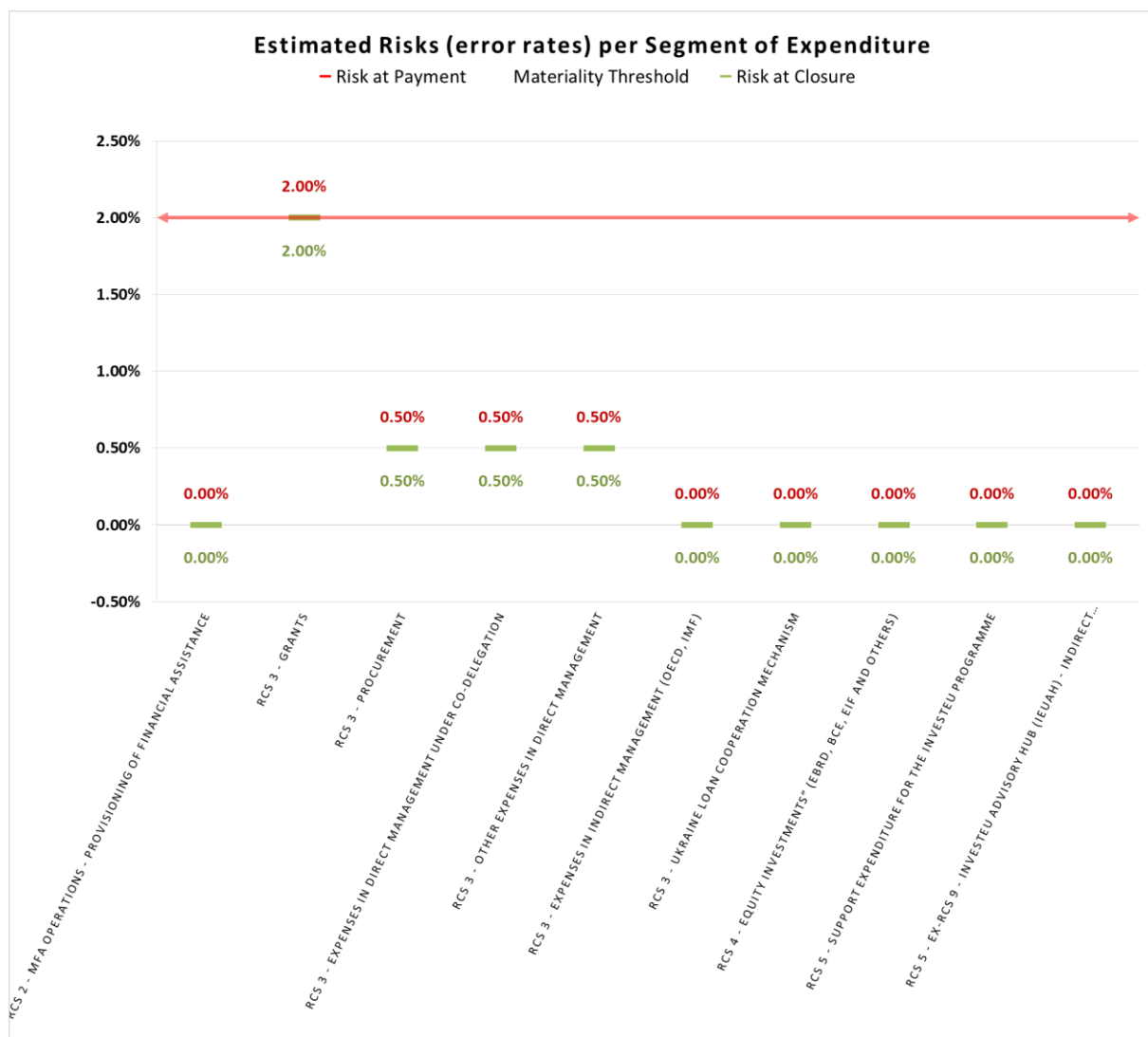
RCS 3 - Grants	6,527,054.7 7				100 %	281.91	6,527,054.7 7	0.02 %					
RCS 3 - Procurement		6,209,19 2.74			95 %	14,257.0 4	6,209,192.7 4	0.01 %				-1,608.76	
RCS 3 - Expenses in direct management under co-delegation type III				11,226,4 39.81	100 %		11,226,439. 81	0.03 %					
RCS 3 - Other expenses in direct management				1,203,14 2.28	100 %		1,203,142.2 8	0.00 %					
RCS 3 - Expenses in indirect management (IMF, OECD)			219,031 .57		100 %		219,031.57	0.00 %					
RCS 3 - Ukraine Loan Cooperation Mechanism	1,534,603,9 16.45				100 %		1,534,603,9 16.45	3.67 %					
RCS 4 - Equity Investm	0.00						0.00	0.00 %	7,818,064. 63	1,523,516,3 44.66		- 69,166,902. 83	

ents (EBRD, EIF and others) (¹²)	24,204,000. 00				100 %		24,204,000. 00	0.06 %		308,830,000 .00	- 93,265,044.8 8	- 3,550,955.1 2	
RCS 5 - Support expendi- ture for the InvestE U Progra- mme		100,181. 04			100 %		100,181.04	0.00 %					
RCS 5 - ex-RCS 9 InvestE U Advisor y Hub (EUAH) - indirect entruste d manage- ment	1,645,725.3 6				100. 00		1,645,725.3 6	0.00 %					
Totals (covera- ge)	41,779,504, 572.58	6,309,37 3.78	219,031 .57	12,429,5 82.09		50,054,4 32.95	41,798,462, 560.02		6,295,725, 339.63	1,832,346,3 44.66	- 93,265,044.8 8	- 72,719,466. 71	0.00
NGEU compan- y code										560,365,566 ,614.05	588,018,571, 125.25	13,768,888, 780.29	20,906,402, 882.07
									6,295,725, 339.63	562,197,912 ,958.71	- 588,111,836, 170.13	- 13,841,608, 247.00	20,906,402, 882.07

(¹²) The two rows related to RCS 4 represent respectively the equity investments in the EIF (top row) and the equity investments in the EBRD (bottom row).

2.1.2. Effectiveness of controls

a) Assessment of control results per segment of expenditure



DG ECFIN's portfolio includes five RCSs covering various segments of expenditure. Please find below an overview of the estimated error rates per RCS.

- **RCS 1 – RRF and RepowerEU:** The specificities of the RRF spending model do not allow to calculate meaningful error rates for RCS 1. Instead, DG ECFIN determines a level of risk for each payment based on the ex-ante and ex-post controls that are undertaken, taking into account also the work of the ECA. Please refer to section 4.2, Annex 5 and Annex 14 for additional information.
- **RCS 2 – MFA operations:** Similar to last year, DG ECFIN reports a low inherent risk and estimates an error rate of 0% for the *MFA operations*.
- **RCS 3 - Grants, Procurement and other expenses under direct or indirect management, expenses in co-delegation type III:** This contains two segments with an error rate of 0% including the *ULCM* and *other actions under indirect management*. For three segments of expenditure, namely *procurement*, *expenses under co-delegation*

type III, and *other direct management expenses*, the best conservative estimate of the error rate is 0.5%. For *grants* with the reimbursed cost mechanism (BCS, Pericles, HERO Pilot Project, and other grants), ex-post audits on two final beneficiaries were carried out for the BCS resulting in no financial findings. A conservative estimate of a 2% error rate is kept.

- **RCS 4 – Equity investments (EBRD, BCE, EIF and others):** DG ECFIN reports a very low risk and estimates an error rate of 0% for *equity investments*.
- **RCS 5 – Instruments transferred to DG GROW:** DG ECFIN estimates an error rate of 0% for the expenditures related to the *instruments transferred to DG GROW*. This was also the error rate reported for Ex-RCS 9 in DG ECFIN's 2024 AAR.

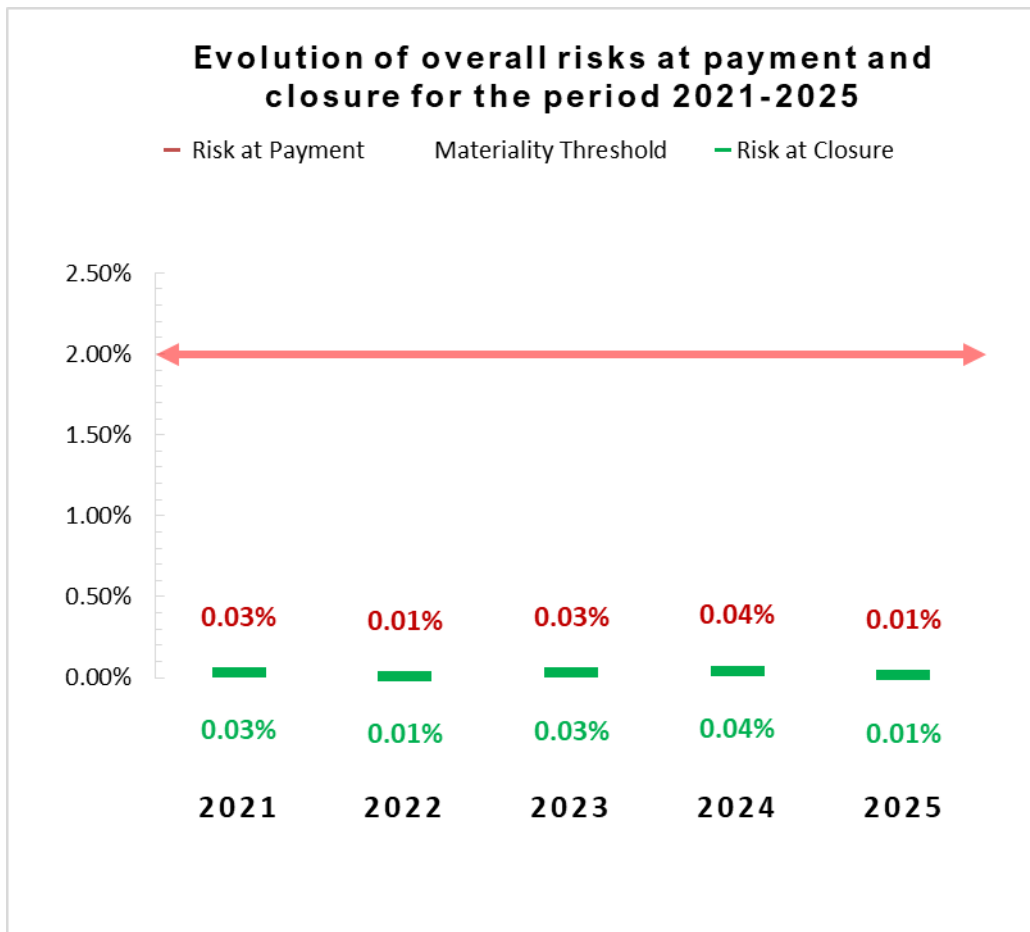
These error rates are low for each segment thanks to the inherent risk profile of the activities and the performance of the related control systems. Please refer to Annex 7 and Table X in Annex 9 for further detail. As regards the quantitative materiality threshold, the general rule is to apply 2% as a threshold per control system. Hence, as further detailed in Annex 7, the assessment of the five internal control objectives yields a positive conclusion, with no material control issues or weaknesses identified that would impact the assurance framework related to the five internal control objectives.

The table below provides a summary of the DG's assessment of the control results for DG ECFIN's control systems for expenditure items.

Expenditure items		
	Direct management	Indirect management
RCS or programme or other expenditure type	<ul style="list-style-type: none"> - RRF (RCS 1) ⁽¹³⁾ - MFA operations (RCS 2) - Grants, Procurement and other expenses under direct management (RCS 3) - Equity Investments (EBRD, BCE, EIF and others) (RCS 4) - Support expenditure for the InvestEU programme (segment of expenditure under RCS 5) 	<ul style="list-style-type: none"> - Expenses under indirect management (IMF, OECD) (segment of expenditure under RCS 3) - Ex-RCS 9 – InvestEU Advisory Hub (segment of expenditure under RCS 5)
Internal Control Objectives – Indicators	Legality and regularity Reliability of reporting Safeguarding of assets and information Fraud prevention and detection Cost-effectiveness	Legality and regularity Reliability of reporting Safeguarding of assets and information Fraud prevention and detection Cost-effectiveness
Internal Control Objectives – Conclusions	Positive	Positive
Negative opinion from auditors	No	No
Reservation	Yes, regarding the RRF (RCS 1), see Annex 9. Please refer to section 4 and Annex 14 for further detail on the RRF.	No

⁽¹³⁾ Please refer to section 4 and Annex 14 for further detail on the RRF (RCS 1).

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



The estimated overall risk at payment for 2025 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year that is not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. A proportion of the underlying errors will be corrected in subsequent years and until the end of the programming cycle, corresponding to the conservatively estimated future corrections for 2025 expenditure. The difference between the risk at payment and the estimated future corrections results in the estimated overall risk at closure ⁽¹⁴⁾.

Based on the ex-ante and ex-post controls carried out for non-RRF expenditure in 2025 and the relevant information available, the estimated overall risks at payment and at closure for 2025 coincide at 0.01%.

The overall error rate was calculated considering the error rate established for each RCS, detailed in Annex 7 and Table X in Annex 9, excluding the RRF (RCS 1), for which there is no error rate, but a level of risk.

⁽¹⁴⁾ 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.

The overall risks at payment and at closure decreased in 2025 compared to the 0.04% level reported in 2024. This decrease is mainly due to changes in DG ECFIN's portfolio with instruments transferred to DG GROW in early 2025 as explained in section 2.1.1. For the remaining instruments, the risk at payment and at closure were consistent compared to last year.

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

c) Quantitative benefits of controls: Preventive and corrective measures

With its ex-ante and ex-post controls, DG ECFIN has an effective mechanism in place for detecting and correcting errors, reaching in total EUR 50.08 million of preventive and corrective measures for 2025. Ex-ante controls resulted in preventive measures of EUR 50.08 million. In 2024, preventive and corrective measures made up EUR 0.034 million. The increase is mainly explained by corrections based on the ex-ante controls performed on achieved targets and milestones related to two RRF payments. In 2025, due to the transition to SUMMA, only preventive measures exceeding EUR 500 000 are reported. No corrections resulted from ex-post controls. Please see details in annex 3.

d) Assessment of control results for non-expenditure items

The control results for the main non-expenditure items (NEIs), which include the Equity Investments in the EBRD and the EIF (RCS 4), are provided in Annex 7. The lack of negative results from the implemented control procedures for NEIs and the absence of control issues or weaknesses indicate compliance with the relevant internal control objectives. Please refer to Annex 6 for a detailed description of the department's RCSs.

e) Fraud: prevention, detection, and correction

Since 2014, DG ECFIN developed and implemented a comprehensive **Anti-Fraud Strategy (AFS)** that encompassed all its activities, utilising the methodology provided by the European Anti-Fraud Office (OLAF). **DG ECFIN updated its AFS⁽¹⁵⁾ for the period 2026-2028** (see annex 7). This update took into account the lessons learnt from the implementation of the RRF and the revised Commission Anti-Fraud Strategy (CAFS) action plan of May 2025.

The implementation of the AFS 2026-2028 will be monitored and reported to management through half-yearly reporting on the Management Plan and the AAR as it was the case for the previous AFS. In addition, DG ECFIN also contributed to the review of the Commission's Anti-Fraud Architecture as well as to the peer review of other DG's anti-fraud strategy.

The results achieved during the year thanks to the **anti-fraud measures** in place can be summarised as follows: virtually, all DG ECFIN and SG-REFORM staff involved in the RRF received specific training on fraud awareness and the management of irregularities reported by external sources. In addition, DG ECFIN provided the Member States with best practices related to reporting

⁽¹⁵⁾ Ares(2026)5262591

and correction of fraud and suspected fraud cases ⁽¹⁶⁾, as well as guidelines on fraud reporting obligation after the end of the RRF implementation period in December 2026 ⁽¹⁷⁾. Moreover, RRF auditors received training on the use of ARACHNE ⁽¹⁸⁾ and information was shared with Member States' relevant services in meetings organised with individual Member States and all-Member States working groups both for RRF management and audit authorities. Finally, DG ECFIN participated in specific anti-fraud networks organised by OLAF such as the COCOLAF and the FPDNET.

DG ECFIN also strengthened further the anti-fraud governance at EU level for the RRF, namely through **increased cooperation with OLAF and the EPPO**.

As of 28 May 2026, DG ECFIN reported to **OLAF** 39 cases of potential irregularities identified during ex-post audits or from open sources in respect of RRF supported actions, and OLAF informed DG ECFIN of 63 other cases, making a total of **102 potential irregularities**. Out of these 102 cases, four were under evaluation, 29 were under investigation, 61 were closed or dismissed, and eight cases were forwarded from OLAF to the EPPO for further investigation.

As a result of its investigations, OLAF issued a total of 20 recommendations as of 28 May 2026, comprising **16 financial recommendations and four administrative recommendations** concerning in total 10 Member States. Since the start of the implementation of the RRF and up to 28 May 2026, DG ECFIN has been notified of 149 cases investigated by the **EPPO**, of which 73% were active cases in Court proceedings or on-going investigations. To be noted that 67% of the notified on-going cases by the EPPO to the Commission related to one measure in a single Member State. These numbers demonstrate that national and EU level control systems are effective in detecting conflicts of interest, fraud, or corruption.

Corrective measures, taken by the Member States or in case they refuse to do so, by the Commission, based on OLAF recommendations, are reported on in the context of annual monitoring exercises conducted by OLAF, in accordance with Article 11 of Regulation 883/2013 ⁽¹⁹⁾. (See also section 4.2.2.h on the State of play on the implementation of the framework for 'Reductions and Recoveries under the RRF').

Furthermore, the Commission has received notifications from the EPPO regarding 15 judicial decisions issued by regional courts in Italy. The judgments in question address and rectify the illegalities, analogous to instances in which Member States confirm the recovery of misused funds. Consequently, no further intervention by the Commission is required in relation to these cases.

On the basis of the available information, DG ECFIN has reasonable assurance that the anti-fraud measures in place are effective (please see also section 4.2.2.h).

⁽¹⁶⁾ On 6 May 2026, the Commission circulated two revised guidance documents to Member States *on the assessment of the internal control systems set in place by the Member States under the Recovery and Resilience Facility* (Ares(2026)4606283) and *on the preparation of the summary of audits under the Recovery and Resilience Facility* (Ares(2026)4606956). Both documents were updated in response to the recommendations from the ECA Special Report 06/2026 on tackling fraud in the RRF.

⁽¹⁷⁾ Commission Notice C/2026/2647: [Guidelines for Member States on operational aspects related to the final phase and closure of the Recovery and Resilience Facility](#).

⁽¹⁸⁾ The Commission's data mining and risk-scoring tool.

⁽¹⁹⁾ REGULATION (EU, EURATOM) No 883/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999

2.1.3. Efficiency of controls

The transition to the Commission's new accounting system in 2025, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, reporting and control activities particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. For DG ECFIN, the migration to SUMMA did not significantly affect the standard performance indicators followed during the year, namely budget implementation, timely payments and data quality (*see Annex 4*).

Three main indicators are used to monitor control efficiency in the management of grants: time to pay, time to inform, and time to grant. Since May 2023, DG ECFIN followed systematically the monthly Financial Scorecard Dashboard indicators. This close monitoring allowed for the improvement of a number of indicators, such as 'Timely payments', 'Timely decommitment', 'Timely registration of invoices', and 'Accounting and Management data quality indicators'. The indicators covered all transactions validated by DG ECFIN during the calendar year (including the RRF). As detailed in Annex 4, the Financial Scorecard Dashboard for DG ECFIN demonstrated a very good performance, with most indicators surpassing the average score at Commission level.

As reported in Annex 3, the average net time-to-pay in 2025 was 32 days (26 days in 2024). Compliance with the periods specified in Article 116.1 of the Financial Regulation was extremely high, with 98.3% of all payments executed in time. Eight payments out of the 473 payments made in 2025 were late. This was mainly due to the transition from ABAC to SUMMA.

Taking into account the co-delegated payments performed by the Paymaster office (PMO) and DG HR, the average net time-to-pay in 2025 was 22 days, with only 480 late payments out of 3,061 made in 2025. Overall, 84.3% of payments were executed on time.

For Pericles grants, in 2025, the average time-to-inform (the time-period starting from receipt of proposals and ending with the applicants learning about the outcome of the evaluation of their application) was 36 days compared to 53 days in 2024. The average time-to-grant (the time-period starting from the date of informing the successful applicants and ending with the signing of the grant agreement at Commission level) was 31 days, as in 2024.

For BCS grants, the average time-to-inform was 16.23 days for the specific grant agreements (SGAs), while the average time-to-grant was eight days for the SGAs.

The above complies with the periods specified in article 197.2 of the Financial Regulation (a maximum of six months for informing all applicants and a maximum of three months for signing grant agreements with applicants). In 2025, DG ECFIN efficiently managed to pay 100% of the amounts paid within the legal deadline, surpassing the Commission's average of 97%. This achievement results from both the established practice of monitoring open invoices and payment deadlines weekly, and DG ECFIN's thorough preparation for SUMMA migration.

For further information on key performance indicators, including DG ECFIN's Financial Scorecard, please refer to Annex 4.

Given the above, DG ECFIN concludes that its controls are efficient.

2.1.4. Economy of controls

Considering all RCSs, including DG ECFIN's horizontal control tasks that are not attributable to a single RCS ⁽²⁰⁾, DG ECFIN's ratio of cost of controls increased from 0.037% in 2024 to 0.080% in 2025.

This ratio is calculated by dividing the total cost of controls, which amounts to EUR 35 020 967 in 2025 (EUR 47 664 517 in 2024), by the total amount of funds managed, which totals EUR 43 619 582 465 in 2025 (EUR 129 027 308 132 in 2024). This results in a decrease in the cost of controls and the total funds managed of respectively 27% and 66% from 2024 to 2025.

The cost of controlling EUR 1 million of funds managed was approximately EUR 802.9 in 2025, increasing from EUR 369.4 in 2024.

The relative increase in DG ECFIN's ratio of cost of controls is mainly explained by the changes in DG ECFIN's portfolio with instruments transferred to DG GROW in 2025 as detailed in section 2.1.1. This included the transfer of non-expenditure items such as the EU Guarantee under the EFSI, the EFSI and InvestEU compartments of the CPF and the EU Guarantee under the InvestEU Fund, through which large amounts were managed (EUR 71 575 584 276.2 in 2024) with low control costs (EUR 7 891 065 in 2024).

In 2025, the cost of controls related to the RRF made up the vast majority of DG ECFIN's total control costs (90.1%). Overall, the cost of controls ratio for the RRF increased from 0.06% in 2024 to 0.08% in 2025. Compared to last year, the amount of RRF payments was lower and this was not followed by a corresponding decrease in the control costs. Instead, in 2025, a larger share of the control resources was devoted to the revisions of the RRP and to system audit work compared to 2024.

For a more detailed breakdown of control costs, please refer to Table Y in Annex 7.

2.1.5. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results reported above, DG ECFIN has assessed the effectiveness, efficiency and economy of its controls of its financial management and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

While the comparability of cost-effectiveness indicators with previous years is challenging due to the transfer of instruments, including InvestEU, to DG GROW, the results still lead to a positive conclusion.

The estimated overall risks (error rate) at payment and closure coincide at 0.01% in 2025, which is significantly below the materiality threshold of 2% and also lower than in previous years (0.04% in 2024). A low error rate indicates that the controls in place are effective. Please see Table X in Annex 9 for further detail on the relevant expenditure, estimated risk at payment and closure, and estimated future corrections per RCS.

⁽²⁰⁾ In DG ECFIN this includes control costs relating to Budget, Finance and Accounting, Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management, and Anti-fraud activities.

In addition, DG ECFIN demonstrated efficient management of payments, with 100% of amounts paid within the legal deadline, surpassing the Commission's average of 97%. The average net time-to-pay in 2024 was 32 days. These results suggest that DG ECFIN's controls were efficient.

Furthermore, despite the increase in 2025 compared to 2024, mainly resulting from the transfer of instruments to DG GROW, the cost of controls ratio at 0.08% remains very low for DG ECFIN. Please see Table Y in Annex 7 for further details on the cost of controls per RCS.

Rigorous treatment of suspected cases of fraud, fast payments, a very low error rate and a low cost of controls ratio, mean DG ECFIN's controls were cost-effective and that its control strategy met the intended control objectives efficiently and at a very reasonable cost.

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 either to performance aspects or to internal control and financial management. Further details for IAS and ECA audits can be found in Annex 8.






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

Internal Audit Service

As of this year, the IAS no longer issues limited conclusions per department. Based on the IAS audit reports issued since the publication of the AAR 2024, DG ECFIN concludes that the internal control systems in place for the audited processes were effective, except for the observations that led to the 'very important' recommendations listed in the table below and Annex 8.

Overview of recommendations from the Internal Audit Service

Reported (year)	Audit Title	Accepted Recommendation (critical or very important)	State of play as of 28 May 2026	Impact on the assurance for 2025
2024	Preparation of the Macro Financial Assistance programme to enlargement and neighbourhood countries	<i>Very important:</i> Control Strategy for MFA operations		
		<i>Very important:</i> Marking and protection of sensitive non-classified information		
2025	Audit on Recovery and Resilience Facility risk assessment methodology and ex-post audits in the Directorate-General for Economic and Financial Affairs (DG ECFIN)	<i>Very important:</i> Reduce delays in the ex-post audit process and ensure completeness of AAR		
		<i>Very important:</i> Clarify framework and standards guiding the ex-post audits and enhance the quality assurance programme		

State of play		Assurance	
	Action plan implemented or awaiting review from IAS		No impact on the assurance
	Action plan implementation is ongoing		Impact on the assurance
	Preparation of the action plan		

DG ECFIN is currently implementing the action plan agreed with the IAS to address the IAS recommendations following its audit on the RRF risk assessment methodology and ex-post audits. Specifically, DG ECFIN is implementing the two very important recommendations related to Internal Control Principles 7 (*The Commission identifies risks to the achievement of its objectives across the organisation and analyses risks as a basis for determining how the risks should be managed*) and 10 (*The Commission selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels*).

The IAS recommendations focus on specific aspects of RRF ex-post audits and do not affect the overall level of assurance provided in the AAR 2025: they do not impact the materiality criteria (outlined in Annex 5 of the AAR), nor are they directly linked to assurance, control results, or reservations (as detailed in Annex 9 on the RRF), or to the methodology for assessing the level of risk for RRF (described in section 4.2.2(j) of the AAR).

However, DG ECFIN acknowledges that some improvements are necessary to mitigate the potential impact of the IAS findings on its control systems. Please refer to Annex 8 for further information on the action plan.

European Court of Auditors

Since the publication of the AAR 2024, the ECA has published four reports containing recommendations related to the RRF. DG ECFIN has received a total of 14 recommendations or sub-recommendations from these four ECA reports: one from Special Report 21/2025 (RRF support for an improved business environment), two from the 2024 ECA Annual Report, eight recommendations or sub-recommendations from the ECA Special Report 06/2026 (Tackling Fraud in the RRF), and three from the ECA Special Report 14/2026 (RRF traceability and transparency). As illustrated in the table below, **the Commission has accepted or partially accepted 11 of these recommendations**. Seven of these recommendations are already implemented while two are for future instruments and two are under implementation. For further information on the individual recommendations, please refer to Annex 8.

In total, since the publication of the 2024 AAR, **DG ECFIN has implemented 17 recommendations stemming from eight ECA reports on the RRF**. Only two recommendations received from ECA reports issued before the publication of the 2024 AAR remain to be implemented ⁽²¹⁾. This demonstrates significant progress in addressing the ECA's recommendations with the majority of outstanding actions now completed.

Three of the ECA recommendations under implementation focus on specific aspects of the Commission's and Member States' control systems ⁽²²⁾. For further information on the individual recommendations, please refer to Annex 8.















Besides the ECA recommendations on the RRF, two non-RRF recommendations from the ECA Special Report 05/2023 (The EU's financial landscape) remain under implementation.

⁽²¹⁾ This concerns recommendation 5(b) from ECA Special Report 22/2024 which DG BUDG is in the lead of and recommendation 4 from ECA Special Report 10/2025, which is related to the RRF ex-post evaluation. Please refer to Annex 8 for further details.

⁽²²⁾ This concerns recommendations from the ECA Special Report 22/2024 and ECA Special Report 06/2026 but does not include ECA recommendations related to the internal control systems of future RRF-type instruments.















The table below provides an overview of ECA reports and the implementation status of the ECA reports' recommendations accepted by the Commission.






Overview of ECA audits and state of play of accompanying recommendations that have been accepted or partially accepted by the Commission

Reported (year)	Audit Title	Accepted Recommendation	State of play as of 28 May 2026 ⁽²³⁾	Impact on the assurance for 2025
2023	SPECIAL REPORT 05/2023 : (The EU's financial landscape – A patchwork construction requiring further simplification and accountability)	2 sub-recommendations accepted		
2024	SPECIAL REPORT 13/2024 : (Absorption of funds from the Recovery and Resilience Facility) – Progressing with delays and risks remain regarding the completion of measures and therefore the achievement of RRF objectives	2 recommendations accepted 2 sub-recommendations accepted 1 sub-recommendation partially accepted		
2024	SPECIAL REPORT 14/2024 : (Green transition) - Unclear contribution from the Recovery and Resilience Facility	3 sub-recommendations partially accepted		
2024	SPECIAL REPORT 22/2024 : (Double funding from the EU budget) - Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs	3 sub-recommendations accepted 1 sub-recommendation partially accepted		
		1 sub-recommendation accepted ⁽²⁴⁾		
2025	ECA Annual Report 2024	1 recommendation partially accepted 1 recommendation accepted		
2025	SPECIAL REPORT 09/2025 : (Systems for ensuring compliance of RRF spending)	6 sub-recommendations accepted 3 sub-recommendations partially accepted		

⁽²³⁾ For seven ECA Special Reports, a number of recommendations relate to future instruments that have been accepted or partially accepted by the Commission. As these recommendations are outside the remit of DG ECFIN, they are marked as final if all other recommendations from these reports are implemented. This concerns the following ECA Special Reports: 13/2024, 14/2024, 09/2025, 10/2025, 13/2025, 21/2025 and 06/2026. Please refer to Annex 8 for further details.

⁽²⁴⁾ This concerns recommendation 5(b) which DG BUDG is in the lead of. Please refer to Annex 8 for further details.

	with public procurement and State aid rules) - Improving but still insufficient			
2025	SPECIAL REPORT 10/2025 : (Labour market reforms in the national recovery and resilience plans) – Some results, but not sufficient to address structural challenges	2 recommendations partially accepted 1 sub-recommendation partially accepted		
		1 recommendation accepted		
2025	SPECIAL REPORT 13/2025 : (Support from the Recovery and Resilience Facility for the digital transition in EU member states) - A missed opportunity for strategic focus in addressing digital needs	2 recommendations partially accepted 1 sub-recommendation partially accepted		
2025	SPECIAL REPORT No 21 2025 : (RRF support for an improved business environment)	1 recommendation partially accepted		
2026	SPECIAL REPORT No 06 2026 : (Tackling Fraud in the RRF: Work in progress)	5 sub-recommendations accepted		
		1 recommendation partially accepted 1 sub-recommendation partially accepted		
		1 sub-recommendations accepted		
2026	SPECIAL REPORT No 14 2026 : (RRF traceability and transparency: Gaps remain regarding the traceability and transparency of RRF funds)	No recommendations accepted		

State of play		Assurance	
	Action plan implemented		No impact on the assurance
	Action plan implementation is ongoing		Impact on the assurance
	Preparation of the action plan		

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards ⁽²⁵⁾.

DG ECFIN has adapted the Internal Control Framework to its 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.

In 2025, DG ECFIN worked with the Internal Control Principles to assess the effectiveness of its key internal control systems in accordance with applicable Commission guidance and using monitoring indicators supplemented by other sources of information. This allows the Internal Control Coordinator to report the state of internal control and make recommendations to the Director General.

DG ECFIN's risk management exercise found **no critical risk** in the DG.

Further conclusions were drawn from the analysis of the register of exceptions and non-compliance events, very important or critical ECA or IAS audit recommendations, audit opinions, management opinions, AOSD reports, and other corporate indicators.

DG ECFIN 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 in order to implement the recommendations related to two very important findings from the IAS audit on the Recovery and Resilience Facility risk assessment methodology and ex-post audits programme. In addition, as of 28 May 2026, DG ECFIN had three open recommendations from the ECA related to its internal control system that were in the process of being implemented ⁽²⁶⁾.

⁽²⁵⁾ The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

⁽²⁶⁾ This does not include ECA recommendations related to the internal control systems of future RRF-type instruments.

2.4. Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in sections 2.1, 2.2, and 2.3) as well as in section 4 for the RRF, and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations. The declaration of assurance by the Director General is based on these sections 2, 3, and 4. It covers the full scope of the budget (direct and indirect management) delegated to him as reflected in Annex 3. The information reported in section 2.1 is comprehensive, complete, and reliable.

All five control objectives were met for both budget management systems at DG ECFIN (direct and indirect management) as shown in section 2.1 and in section 4 for the RRF and with full details provided under Annex 6, Annex 7, Annex 8, Annex 9, and Annex 14. The available audit results and observations did not highlight any critical or high risks that would qualify the Declaration of Assurance, save for the maintained reservation concerning two conflict of interests cases that affect the protection of the financial interests of the Union (article 22 (5) of the RRF Regulation) in Czechia and the reservation concerning the satisfactory fulfilment of two targets (B8G and B10G), impacting the legality and regularity of the third RRF payment to Poland; at the time of the signature of this AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of both targets. In addition, another conflict-of-interest case was identified in Czechia. No reservation is issued for this case, as the financial amount concerned is below the de minimis threshold. For further detail see Annex 9. Management assessments of the implementation of internal control principles did not identify deficiencies with a negative impact on the declaration as shown in section 2.3.

These comprehensive assessments provide sufficient guarantee with respect to the five statements included in the declaration of assurance (true and fair view, resources used for the intended purpose, sound financial management, legality and regularity, and non-omission of significant information) as well as to other internal control objectives (safeguarding of assets and information; and the prevention, detection, and correction of fraud and irregularities) for both expenditure and non-expenditure items.

In conclusion, based on the elements reported above, management has reasonable assurance that, overall, effective 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 his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by the maintained reservation concerning two conflict of interests cases that affect the protection of the financial interests of the Union (article 22 (5) of the RRF Regulation) in Czechia and the reservation concerning the satisfactory fulfilment of two targets (B8G and B10G), impacting the legality and regularity of the third RRF payment to Poland; at the time of the signature of this AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of both targets. In addition, another conflict-of-interest case was identified in Czechia. No reservation is issued for this case, as the financial amount concerned is below the de minimis threshold. For further detail see Annex 9.

Reservation Title	Financial Impact (in m EUR)		Residual error rate 2025	Evolution
	2024	2025		
Conflict of interests cases impacting the protection of the financial interests of the Union (Article 22 (5) of RRF Regulation) detected in Czechia	17.49	16.85 ⁽²⁷⁾	N/A	Maintained
Reservation concerning the satisfactory fulfilment of two targets (B8G and B10G) impacting the legality and regularity of the third payment to Poland under the RRF 2025 for which DG ECFIN cannot confirm at the time of the signature of this AAR that they are met	-	326.10	N/A	New

⁽²⁷⁾ Amount calculated on the basis of the foreign rate applicable in May 2026 (source: InforEuro)

2.5. Declaration of Assurance and reservations

Declaration of Assurance

I, the undersigned,

Director-General of DG ECFIN

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view ⁽²⁸⁾.

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.

However, the following two reservations should be noted:

- A reservation maintained from DG ECFIN’s 2024 AAR concerning conflict-of-interests cases impacting the protection of the financial interests of the Union (Article 22 (5) of RRF Regulation) detected in Czechia. In addition, another conflict-of-interest case was identified in Czechia. No reservation is issued for this case, as the financial amount concerned is below the de minimis threshold.*
- A reservation concerning the satisfactory fulfilment of two targets (B8G and B10G), impacting the legality and regularity of the third RRF payment to Poland; at the time of the signature of this AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of both targets.*

More details are provided in annex 9.

Brussels, 29 May 2026

signed

.....

(signature)

Maarten Verwey

⁽²⁸⁾ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

3. A MODERN AND SUSTAINABLE PUBLIC ADMINISTRATION

3.1. Human resource management

In 2025, human resource management continued to be impacted by the very high workload resulting from DG ECFIN's current main political priorities. These included the on-going implementation of the RRF as it entered its final phase, the implementation of the revised economic governance framework, work linked to the consequences of the war against Ukraine, and contribution to new policy initiatives in the areas of competitiveness and economic security. These complex workstreams presented considerable challenges across different directorates and required the implementation of agile and creative HR solutions, with no additional resource allocation in 2025. DG ECFIN has been authorised to extend all existing contract agent contracts under the RRF and REPowerEU support expenditure budget line until the end of 2027, and to increase DG ECFIN's RRF headcount from 94 to 97 FTEs in 2027. The publication of the new EPSO reserve list for the AD level economics competition at the end of the year helped to ensure the retention of some of DG ECFIN's highly experienced staff on temporary contracts and to consolidate expertise and know-how within the DG.

2025 saw the successful implementation of the Action Plan adopted as follow-up to the 2023 Staff Survey, to address concerns expressed by ECFIN staff. In addition, all recommendations of the IAS audit on DG ECFIN's HR management were completed. In this context, DG ECFIN implemented a pilot task-mapping exercise in 2025, which provided additional insights into the main workstreams and tasks within DG ECFIN, and the resources involved at unit level. DG ECFIN continued to make progress towards achieving greater gender balance at middle management level, with the appointment of two female Heads of Unit in 2025, one of whom was a first appointment. This brought the percentage of female middle managers in DG ECFIN to 33,3% ⁽²⁹⁾. Despite the concrete actions taken over the past years, further efforts are needed at all levels to improve the gender balance. The recommendations of DG ECFIN's Working Group for Gender Equality published in March 2025, and the resulting action plan, provide the basis for this, notably by comprehensively monitoring gender-related data, including for possible bias in EPSO competitions, promoting vacancies more widely through the Women Economists Network, and exploring issues relating to the attractiveness of DG ECFIN as a place to work for female colleagues. The situation continues to be carefully monitored by DG ECFIN's HR Board, composed of the DG's top management.

DG ECFIN continued to support its highly specialised workforce with a targeted learning and development programme, including the annual Summer School geared to DG ECFIN's evolving policy remit and working environment, a broad offer of internal training programmes, and targeted courses on DG-specific topics delivered by external experts and academics. This complemented the central training offer developed by DG HR. In total, 92 training events took place in DG ECFIN in 2025, many delivered by staff members for their peers. In addition, 2025 saw the launch of two new career development initiatives: a structured job-shadowing scheme for staff and managers across the DG; and a mentoring programme, piloted this year for female colleagues with leadership ambitions, with the plan to roll out more broadly in the future.

⁽²⁹⁾ 10 female Heads of Unit (30 filled posts) on 31 December 2025.

In the context of heavy workload, DG ECFIN continued to address staff well-being with a range of dedicated workshops and courses, as well as the relaunch of regular physical well-being activities. This included: weekly information to staff on the available well-being offer; the organisation of five dedicated sessions delivered by corporate well-being facilitators, as part of DG ECFIN's Summer School; and awareness-raising for corporate well-being programmes (e.g. Velo Mai, diabetes awareness month, mental health day, etc). Initiatives to promote staff engagement also continued, as demonstrated in the high staff engagement index (81% in 2025). This is supported by DG ECFIN's human resources and internal communication teams. DG ECFIN's HR Strategy was updated in 2025 to incorporate new actions resulting from the 2023 Staff Survey, the IAS audit and the Working Group for Gender Equality.

In 2025, DG ECFIN continued to implement its updated Equality Mainstreaming Action Plan. As in previous years, its Group on Equality Mainstreaming and Diversity Networks organised actions to mark Diversity Month and other significant dates. An inclusive workplace charter was adopted as part of the ongoing inclusive workplace campaign, committing to DG ECFIN's shared values of fairness, openness, respect, team spirit and empowerment.

2025 also saw the launch of the Commission wide staff satisfaction survey, where DG ECFIN has achieved overall very positive results. ECFIN came third in terms of participation rate and performed better than the Commission average score in most sub-themes, with the exception on the sub-theme of work-life balance. As has been done previously, a comprehensive staff action plan to follow-up on the survey will be developed and communicated after thorough consultation process of staff and managers at all levels.

3.2. Digital transformation and data management

Digital transformation and cybersecurity

As set out in the 2025 Management Plan, DG ECFIN has worked actively with the implementation of the five strategic objectives set out in the Commission's Digital Strategy.

The DG ECFIN Digital Strategy aims to promote and foster a digital culture accompanying the implementation of a dynamic portfolio of information systems to ensure a modern, secure, and sustainable digital landscape. These objectives are set to be achieved over a three-year period. Several initiatives were already undertaken, such as creating a community of practice on AI and M365 tools usage and modernising legacy applications. The strategy actively promotes reusing solutions based on existing DG ECFIN platforms, Commission reusable components, and open-source code.

1 - Digital culture

DG ECFIN is an extensive user of collaborative tools. MS Teams is widely used, notably for collaboration with SG REFORM and line DGs implicated in the RRF. DG ECFIN was the first DG to move to MS Teams Telephony after DIGIT and the Cabinets. In 2025, more than 27% of DG ECFIN statutory staff completed at least one IT training, an increase from 2024 by 3%-points. More importantly, DG ECFIN staff massively embraced the AI paradigm by attending 102 out of the 500 sessions found in EU Learn and attended the DG ECFIN AI breakfast sessions organised on a monthly basis in high numbers to keep up to speed with the rapid evolution of AI during the year.

2 - Digital-ready policymaking

The IT systems play a decisive role in supporting the policy objectives of DG ECFIN.

In the context of the RRF, FENIX - the IT tool for RRF implementation and monitoring - was further enhanced with a module to facilitate the update of the revised RRF plans submitted by all Member States in the context of the simplification exercise. In addition, an AI-enabled search module for RRF legal matters was delivered and AI use was also instrumental to facilitate the identification of spill-over effects of the RRF and to set up a sectoral and firm-level database.

Following the adoption of a revised economic governance framework by the Council, a new IT tool was deployed to allow Member States to report on the implementation of their national medium-term fiscal-structural plans, including the net expenditure path, and on progress as regards reforms and investments.

3 - Business-driven digital Transformation

During 2025, DG ECFIN's implementation of the European Commission's Digital Strategy principles progressed as planned. Following the adoption of the DG ECFIN Digital Strategy 2025-

2028 in October 2024 ⁽³⁰⁾, a rolling action plan was co-created with Directorates and endorsed by the DG ECFIN IT steering committee (ITSC).

In addition to the DG ECFIN Digital Strategy a separate vision document on the adoption of AI was also adopted by DG ECFIN Senior management in May 2025 ⁽³¹⁾. The adoption of AI is being accelerated through the setup of the aforementioned Community of Practice on AI, information sessions organised on a monthly basis and ad hoc presentations at Directorate level.

4 - Seamless digital environment

As part of the modernisation of the legacy AMECO application and following the adoption of the Project Charter for the AMECO2 project by the ITCB, work started to replace the current IT solution by a modern and standards-based statistical management database for DG ECFIN's core business. The new solution has been designed to take maximum advantage of reusability, and a first deliverable is the reuse of the REDISSTAT ⁽³²⁾ application by ESTAT for which the publication of AMECO data took place in November. This is a key achievement as it allows DG ECFIN data to be downloaded via the SDMX standard for the first time. See also the Data management section below.

In terms of cloud adoption, a first roll-out in pilot mode of the FASTOP platform was performed for development environments in December.

5 - Green, secure and resilient infrastructure

IT security is a permanent item on the agenda of the DG ECFIN ITSC, and DG ECFIN continued raising awareness on cybersecurity by organising regular cybersecurity training courses aimed at staff. At the same time, DG ECFIN continued to scan the systems for detecting potential security vulnerabilities and verify the compliance with existing Commission rules.

In terms of resilient infrastructure, it is worth mentioning that the wide adoption of Open-Source solutions puts DG ECFIN in an ideal position to adopt sovereign digital solutions in the future.

Data management

Work on the implementation of the Commission's Data Governance and Data Policies continued along the established corporate data maturity dimensions: 1) data management, 2) ownership and responsibilities, 3) data quality, and 4) data skills. DG ECFIN's data assets were screened for completeness, documentation improved where necessary, and information regarding data owners and stewards were encoded in the EC Data Catalogue. DG ECFIN made progress in improving the dissemination of some key data assets via REDISSTAT. DG ECFIN also continued building staff's data skills through regular events of its Data User Skills Transfer Initiative (Dusti), statistics related courses during the DG ECFIN summer school and other specific data training events.

⁽³⁰⁾ See [Ares\(2024\)7225284](#)

⁽³¹⁾ See [Ares\(2025\)3646811](#)

⁽³²⁾ A corporate statistical data dissemination platform developed by ESTAT. REDISSTAT stands for REusable DISsemination of STATistics.

Data protection

The main actions required by the Commission's Data Protection Action Plan (C(2018) 7432 final) were implemented in DG ECFIN by 2024. The horizontal target of awareness raising was implemented with a full-scaled Awareness-raising Tour of the DG ECFIN-DPC in all the Directorates, which started in autumn 2022 and ended in April 2024. It covered 100% of DG ECFIN directorates. Based on the extensive Awareness-raising Tour, the assessment for 2025 resulted in the conclusion that no targeted awareness campaign was needed. The next awareness raising action for all DG ECFIN should be envisaged for 2027 onwards. In 2025, DG ECFIN staff continued to make use of available data protection trainings, consisting of classroom courses and e-learning.

The compliance tasks were fulfilled with the completion of the review of DG ECFIN records in 2024. The Data Protection Officer (DPO) has instructed Commission departments to stretch this general review to a two-year period. Therefore, the next review would have to start in 2026. In the meantime, action was taken to transfer records, which are under the control of former DG ECFIN units now transferred to other services in the Commission (to be completed in 2026). Works on a new version of a recently published record related to the implementation of the RRF have started (to be completed in 2026).

Since the reporting to the Delegated Controller is at the discretion of the DG's Data Protection Coordinator (Commission Decision (EU) 2020/969 of 3 July 2020, Article 7), it is deemed appropriate to align the frequency of general reports to the Director-General and Senior management to the biannual review of the records, as requested by the Commission's DPO. Since the last reporting dates end of 2024, it should be envisaged for the second half of 2026, once the next record-review has been accomplished.

3.3. Sound environmental management

In 2025, in view of the efforts to reduce DG ECFIN's carbon footprint, and as part of the Commission's corporate EMAS focus on reducing emissions from professional travel, DG ECFIN colleagues were informed about the new mission guide, and particularly the rules governing the number of staff attending a single mission. Missions with multiple DG ECFIN participants thus continued to be scrutinised. These efforts have resulted in a sizeable reduction in the emissions from professional travel by DG ECFIN staff.

DG ECFIN's hybrid work environment continued to help reduce electricity and water consumption, the use of public and private transport, and of paper. The use of Teams for collaborative documents continued helping to eliminate heavy email attachments and storage costs. A call to relaunch M365 Champions was launched in December 2025, to support this process.

In 2025, DG ECFIN continued to highlight the impact of individual actions and behaviours in sound environmental management. In addition to supporting corporate campaigns, a successful recycling action (electronic appliance collection) was organised in December, as well as an awareness campaign to encourage the use of non-disposable mugs at the cafeteria.

4. RECOVERY AND RESILIENCE FACILITY

4.1. Progress made in 2025

Ensuring the timely implementation of the Recovery and Resilience Facility (RRF) remained a central priority for DG ECFIN in 2025. Activities in 2025 centred on monitoring the execution of national Recovery and Resilience Plans (RRPs), assessing Member States' payment requests, and streamlining RRP to facilitate their full implementation by end-2026. This work was carried out in close coordination with the Commission's Reform and Investment Task Force (SG REFORM) ⁽³³⁾.

Assessment and approval of revised Recovery and Resilience Plans

DG ECFIN, in joint cooperation with SG REFORM, led the preparation of the June 2025 Commission Communication "NextGenerationEU – The Road to 2026 ⁽³⁴⁾", in which the Commission called on Member States to streamline their RRP to maximise impact in light of implementation delays and the approaching end of the RRF in 2026. The Communication set out guidance on plan revisions, stressing that RRP should retain only those measures that can be fully implemented by 31 August 2026. This approach aims to simplify implementation and the assessment of payment requests and to reduce administrative burden, while ensuring RRP remain fully compliant with the RRF Regulation.

In 2025, Member States continued to revise their RRP to address implementation delays and mitigate external constraints and engaged in an effort to simplify milestones and targets. Overall, 50 Council Implementing Decision (CID) revisions were positively assessed by the Commission, among which 24 amendments related to the simplification effort. Most RRP revisions in the first half of 2025 consisted in targeted revisions, where measures were adjusted or replaced by more suitable alternatives. In the second half of 2025, Member States simplified the wording of measures, milestones, and targets to focus on essential elements while complying with all the assessment criteria of the RRF Regulation.

By end-2025, 543 milestones and targets were removed, a 20% reduction in the outstanding number of milestones and targets left to assess in the final phase of the RRF. In July 2025, the Council adopted the last REPowerEU chapter for Bulgaria, which brought the total number of REPowerEU chapters to 27, accounting for a total amount of REPowerEU funding of EUR 57.6 billion.

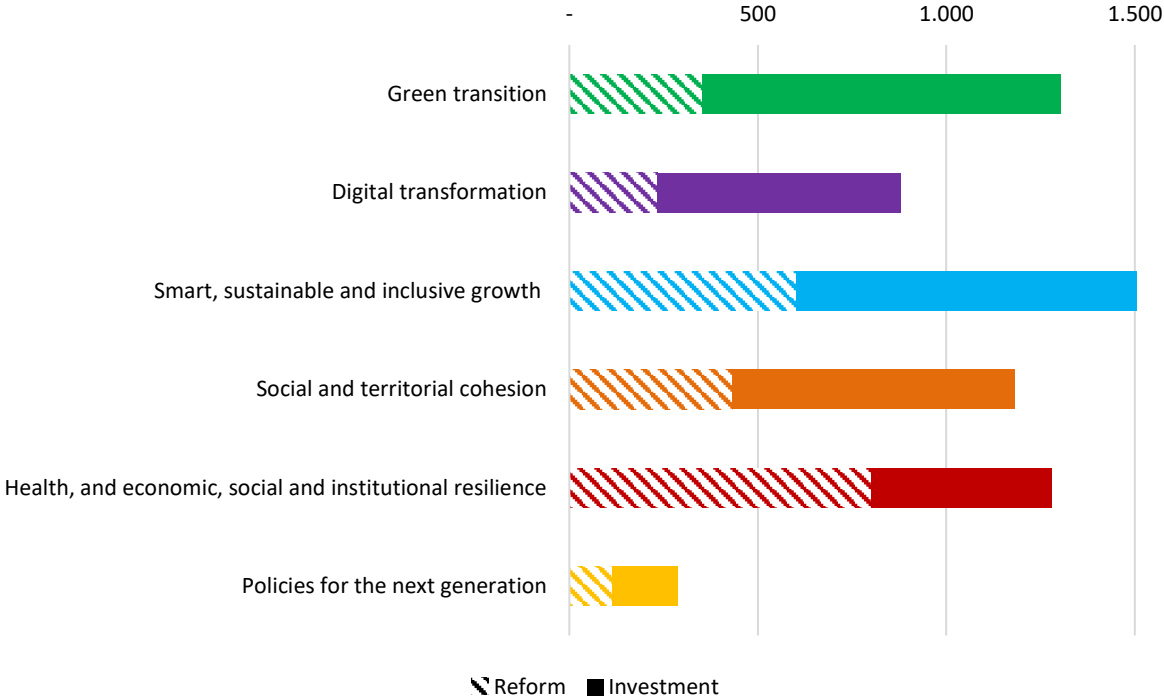
All revised RRP comprise reforms and investments that contribute to the six policy pillars as defined in Article 3 of the RRF Regulation. Similarly, and as is the case for all RRP, the plans approved in 2025 dedicate at least 37% of their total allocation to measures contributing to climate objectives and at least 20% of the total allocation to measures contributing to digital objectives. The reforms and investments proposed by Member States have exceeded these

⁽³³⁾ SG REFORM provides their own overview of the RRF Implementation under section 1 of SG REFORMS's AAR.

⁽³⁴⁾ See COM(2025) 310 final/2 (2025) *NextGenerationEU – The road to 2026*, available at: [ad5f00c9-4101-41a0-9d8f-e78f06c0c7ed en](https://ec.europa.eu/commission/presscorner/detail/en/41a0-9d8f-e78f06c0c7ed).

targets: for the RRF as a whole, estimated climate expenditure amounts to about 42% and digital expenditure to about 25% of the RRF total allocation.

Figure 1 - Overview of the implementation of the M&Ts per pillar



Source: FENIX database

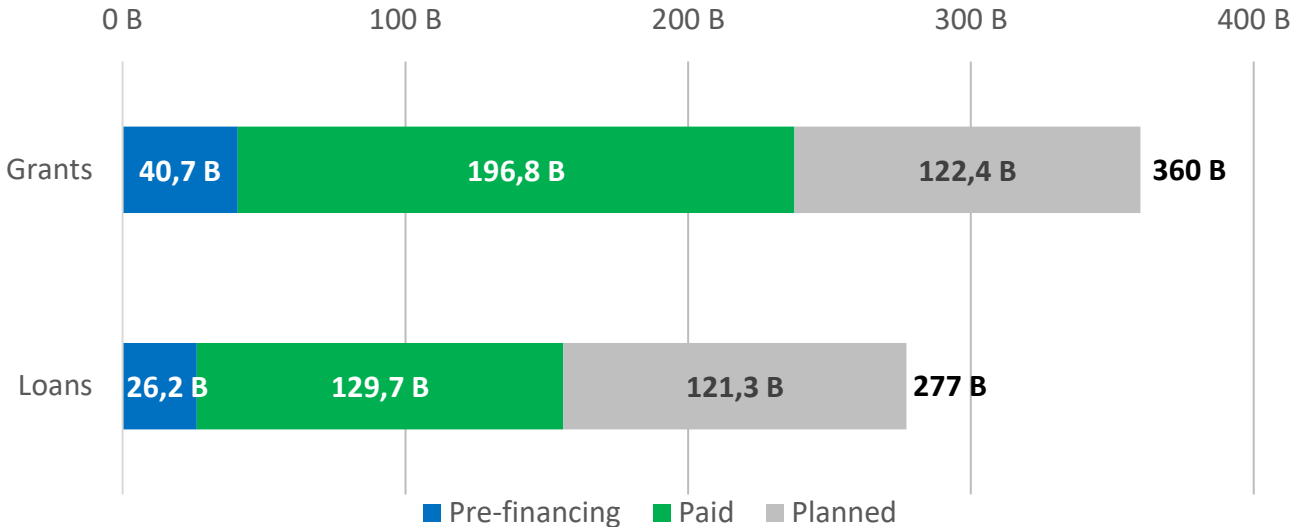
Payment requests and payments disbursed

In 2025, DG ECFIN, jointly with SG REFORM, led the Commission’s assessment of 34 payment requests, which were submitted by 24 different Member States, except Hungary, Germany and Lithuania. These covered 1 174 milestones and targets in total (794 milestones and 380 targets). In 2025, the Commission disbursed a total of EUR 87.3 billion (out of which EUR 40.1 billion in grants and EUR 47.2 billion in loans) ⁽³⁵⁾. The RRF total envelope amounted to EUR 637.1 billion as of end 2025. This brought the total disbursements to EUR 393.4 billion, of which EUR 237.5 billion in grants (66% of the total EUR 360 billion RRF grant envelope at end 2025) and EUR 155.9 billion in loans (56% of the total EUR 277 billion RRF loan envelope at end 2025 ⁽³⁶⁾). The milestones and targets related to the disbursements pertain to a large scope of measures covering the six pillars of the RRF Regulation (Figure 1).

⁽³⁵⁾ This amount corresponds to 34 grant payments, 13 of which also covered loan payments. In 2025, the clearing of pre-financing totalled EUR 9.9 billion (out of which EUR 5.3 billion in grants and EUR 4.6 billion in loans)

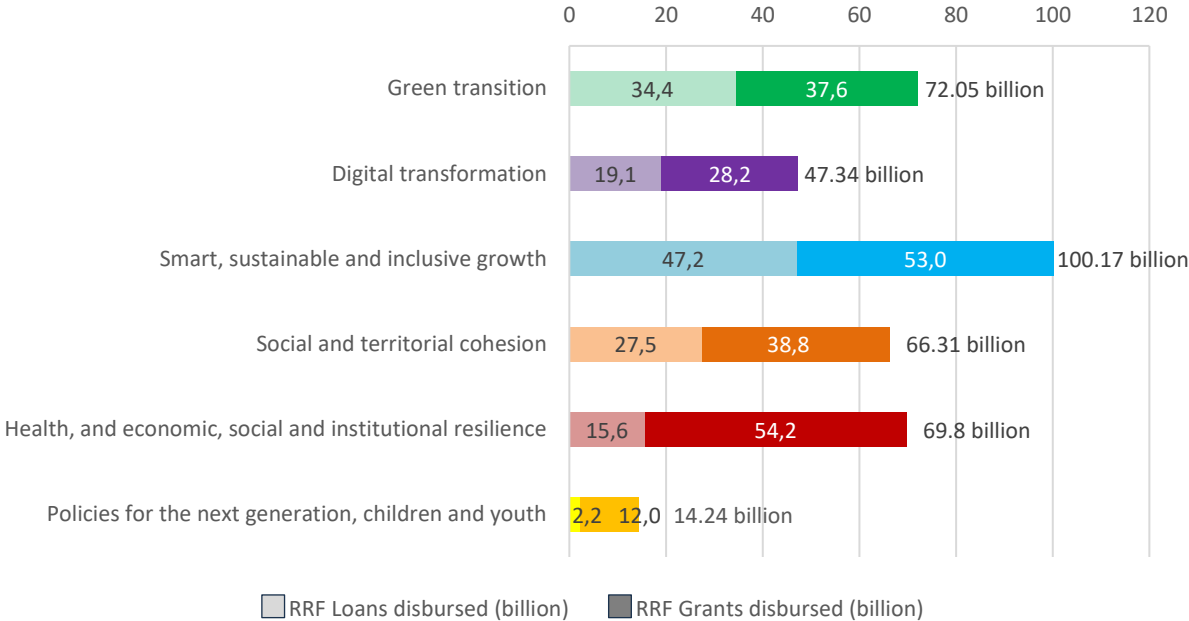
⁽³⁶⁾ In December 2025, the Commission adopted a proposal for an amended Council Implementing Decision for Spain, reducing the loan support by EUR 60.5 billion. As of January 2026, this reduced the RRF loan envelope to EUR 217 billion.

Figure 2 – Disbursements made as of end-2025 (EUR total)



Source: FENIX database

Figure 3 – Disbursements to Member States per pillar by end-2025, EUR bn



Note: Each disbursement reflects progress in the implementation of the RRF, across the six policy pillars. This graph displays how disbursements under the RRF (excluding pre-financing) relate to the pillars. The amounts were calculated by linking the milestones and targets covered by a given disbursement to the pillar tagging (primary and secondary) of their respective measures.

Source: [Recovery and Resilience Scoreboard](#)

In line with Article 24 (2) of the RRF Regulation, Member States submit requests for payment to the Commission upon completion of relevant milestones and targets. DG ECFIN, jointly with SG REFORM, monitors on a continuous basis the progress made with the implementation of the

measures in each plan in close contact with the national authorities. Once a Member State submits a payment request, the Commission has two months to assess it, taking into account the information and justification provided by the Member State. It then adopts its preliminary assessment, shares it with the Economic and Financial Committee, and eventually launches the comitology procedure leading to the adoption of the payment decision. As part of the assessment process, DG ECFIN, jointly with SG REFORM, rely on documentary evidence provided by the Member States to establish whether the milestones or targets have been satisfactorily fulfilled.

Eleven milestones and targets were assessed as not satisfactorily fulfilled in 2025 and part of the related disbursements was subsequently suspended for the payment requests submitted by Romania, Spain, and Bulgaria (two separate payment requests). The Commission also lifted the suspension for three milestones and targets in 2025 (one target for Spain, one milestone for Cyprus, and one milestone for Czechia) as the necessary actions were taken to satisfactorily fulfil the related milestones and targets. The Commission reduced one Member State's (Czechia) financial contribution in accordance with Article 24(8) of the RRF Regulation for one milestone that remained non-satisfactorily fulfilled by the end of the suspension procedure. In the case of Belgium, whilst a suspension decision was adopted in 2024, the suspension has since been rescinded in 2025 as the RRP was subsequently revised.

The Commission also assessed that a milestone that was previously satisfactorily fulfilled had been reversed by Spain, leading to the suspension of EUR 626.6 million on 7 July 2025. Spain had six months from the adoption of the suspension decision to take corrective measures and ensure that the milestone can again be assessed as satisfactorily fulfilled. As of May 2026, following the expiry of the six months, the Commission is re-assessing the status of this milestone. (See also section 4.2.2.h).

State-of play of suspension and reversal decisions as of 31 December 2025:

Member State	Amount suspended (gross amount)	Date of suspension decision	Number of M/Ts suspended	Final outcome after suspension period
Lithuania	EUR 26.2 million (grants)	28/04/2023	2	Suspension lifted for EUR 17.5 million and EUR 8.7 million reduced on 06/05/2024
Romania	EUR 53.4 million (loans)	21/09/2023	2	Suspension lifted for EUR 42.6 million and EUR 10.8 million reduced on 18/12/2024
Portugal	EUR 810.5 million (grants)	22/12/2023	3	Suspension fully lifted on 26/07/2024
Spain	EUR 158.1 million (grants)	19/07/2024	1	Suspension fully lifted on 31/07/2025

Italy	EUR 110.1 million (grants)	26/07/2024	1	Suspension rescinded
Belgium	EUR 31 million (grants)	16/09/2024	1	Suspension rescinded
Cyprus	EUR 43.1 million (grants)	14/11/2024	1	Suspension fully lifted on 22/07/2025
Czechia	EUR 260.3 million (grants)	18/12/2024	2	Suspension lifted for EUR 185 million and EUR 48.8 million reduced on 21/11/2025
Romania	EUR 869.8 million (EUR 814.4 million for grants and EUR 55.4 million for loans)	28/05/2025	6	Suspension period ended on 28/11/2025, under re-assessment by COM
Spain	EUR 626.6 million (reversal for grants)	07/07/2025	1	Suspension period ongoing
	EUR 500.3 million (grants)	31/07/2025	2	Suspension period ongoing
Bulgaria (2nd instalment)	EUR 214.5 million (grants)	03/11/2025	1	Suspension period ongoing
Bulgaria (3rd instalment)	EUR 152.9 million (grants)	22/12/2025	2	Suspension period ongoing

The Commission's services have also launched procedures in relation to **three potential reversal cases** in accordance with Article 6(4) of the Financing Agreements and the Commission's methodology for reversal of milestones and targets under the Recovery and Resilience Facility ⁽³⁷⁾. One of these cases resulted in a Commission Implementing Decision (C(2025) 4643 final) on 7 July 2025, suspending subsequent disbursements of non-repayable support to Spain (see table above). Another case was closed after it was determined that the

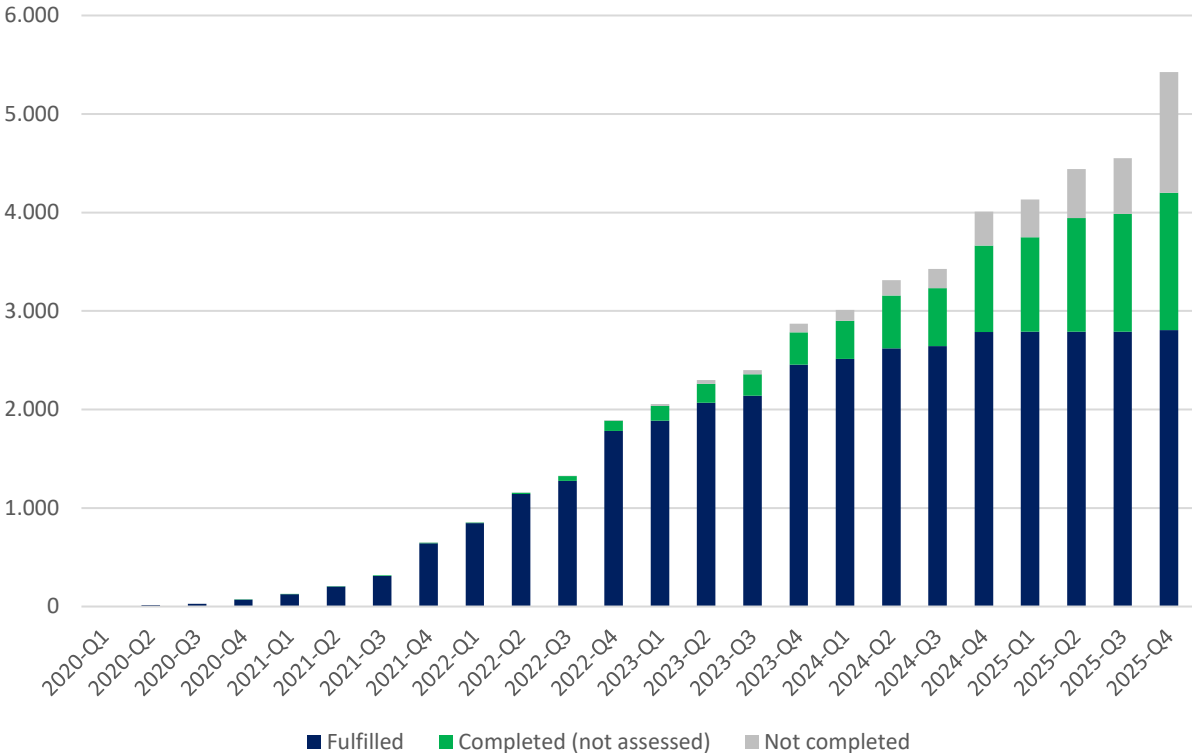
⁽³⁷⁾ Annex 2 to the Report from the Commission to the European Parliament and the Council on the implementation of the Recovery and Resilience Facility: Moving Forward, COM(2023) 545 final, adopted on 19 September 2023.

milestone in question had not been reversed. The third case was also closed following the substitution of the milestone in question with one that contributes to the same policy objective, which necessitated an amendment to the RRP of the Member State concerned.

The implementation of the milestones and targets

The implementation of the RRP is progressing. As of end 2025, 52% of all milestones and targets with an indicative due date up until Q4 2025 had been assessed as fulfilled by the Commission and an additional 26% were reported by the Member States as completed.

Figure 4 – Status of Milestones and Targets with an indicative due date up until Q4 2025



Source: Implementation progress of the milestones and targets, as updated in the October 2025 Member States' reporting, FENIX.

Continuous dialogue with Member States and other institutions

DG ECFIN and SG REFORM held two meetings of the informal Expert Group on the RRF in 2025. The meeting of April 2025 covered various policy topics such as transparency requirements, data collection under the RRF and updates on the sampling methodology. The expert group meeting of 7 July 2025 covered topics such as the Commission's Communication "NextGenerationEU – The road to 2026", RRP simplification, the EPPO's role and fraud prevention, and the economic impacts of the RRF.

DG ECFIN, jointly with SG REFORM, also organised together with Member States a set of national RRF annual events, bringing together institutions, stakeholders (in particular social partners and

civil society), and beneficiaries of RRF support to discuss the progress and state of play of the RRP implementation. To date, RRF events have taken place in most Member States.

Two Implementation Dialogues on the RRF have taken place, respectively in June and October 2025. Implementation Dialogues are a new consultation tool, where Commissioners meet with relevant stakeholders to seek feedback on how to facilitate the implementation of and simplify EU policies, rules, and spending programmes. During the first Implementation Dialogue in June, Commissioner Dombrovskis met representatives of Member States to collect feedback on the administrative and reporting burden experienced by National authorities. For the second Dialogue in October, the Commissioner gathered a wide range of stakeholders to discuss their experience in applying for and accessing RRF funds.

Throughout the implementation of the RRF, DG ECFIN and SG REFORM have maintained good cooperation with the European Parliament and the Council. The Executive Vice-President for Cohesion and Reforms and the Commissioner for Economy and Productivity have participated in five high-level Recovery and Resilience Dialogues with Members of the European Parliament in the reporting period, allowing for in-depth discussions on strategic priorities and progress. Additionally, the Commission has taken part in three meetings with the Working Group of the European Parliament's joint ECON-BUDG Committees, providing insights and updates on topics such as the economic and social impact of the RRF, the RRF control framework and tackling fraud, supporting continued transparency and information sharing. The European Parliament as well as the Council also participate as observers in the meetings of the RRF Expert Group.

Transparency of implementation: RRF Annual Report 2025 and Recovery and Resilience Scoreboard

DG ECFIN and SG REFORM prepared the Annual Recovery and Resilience Facility Report, published on 8 October 2025. The RRF Annual Report provided an overview of the state of implementation of the Facility and of milestones and targets included in Member States' RRP, looking in particular at progress across the six RRF Policy Pillars. In addition, the report also included a comprehensive analysis on the measures included in the adopted REPowerEU chapters and the data published by all Member States on the 100 largest final recipients of funds under the RRF. For the first time, the Annual Report had a dedicated section on the impacts of the RRF, analysing the absorption of RRF funds, its economic impact at sectoral level, and providing updated information on the progress of the implementation of the country-specific recommendations.

In 2025, DG ECFIN continued to update the Recovery and Resilience Scoreboard, with comprehensive information on disbursements of RRF funds or the adoption of revised RRP. To further enhance transparency, data on all RRF measures and all milestones and targets was made available on the Scoreboard.

RRF and research

DG ECFIN continued to develop its RRF research programme aiming at expanding and strengthening the available analyses and evidence regarding the impact of the Facility and of the investments and reforms that it supports. In that context, DG ECFIN and SG REFORM have launched a call for papers to gather research and preliminary evidence on the impact of the RRF. The best papers were chosen by the selection committee to be presented at the "Research Conference: Understanding the impact of the RRF" that took place on 29 January 2026 in

Brussels. Three research projects were launched in 2024 regarding the impact of selected RRF reforms in the areas of sustainable mobility, labour market reforms, and digitalisation of public administration. These projects were finalised in 2025 and published in January 2026. Three new research projects on the RRF have been contracted to external providers on the topics of healthcare, education and private investment.

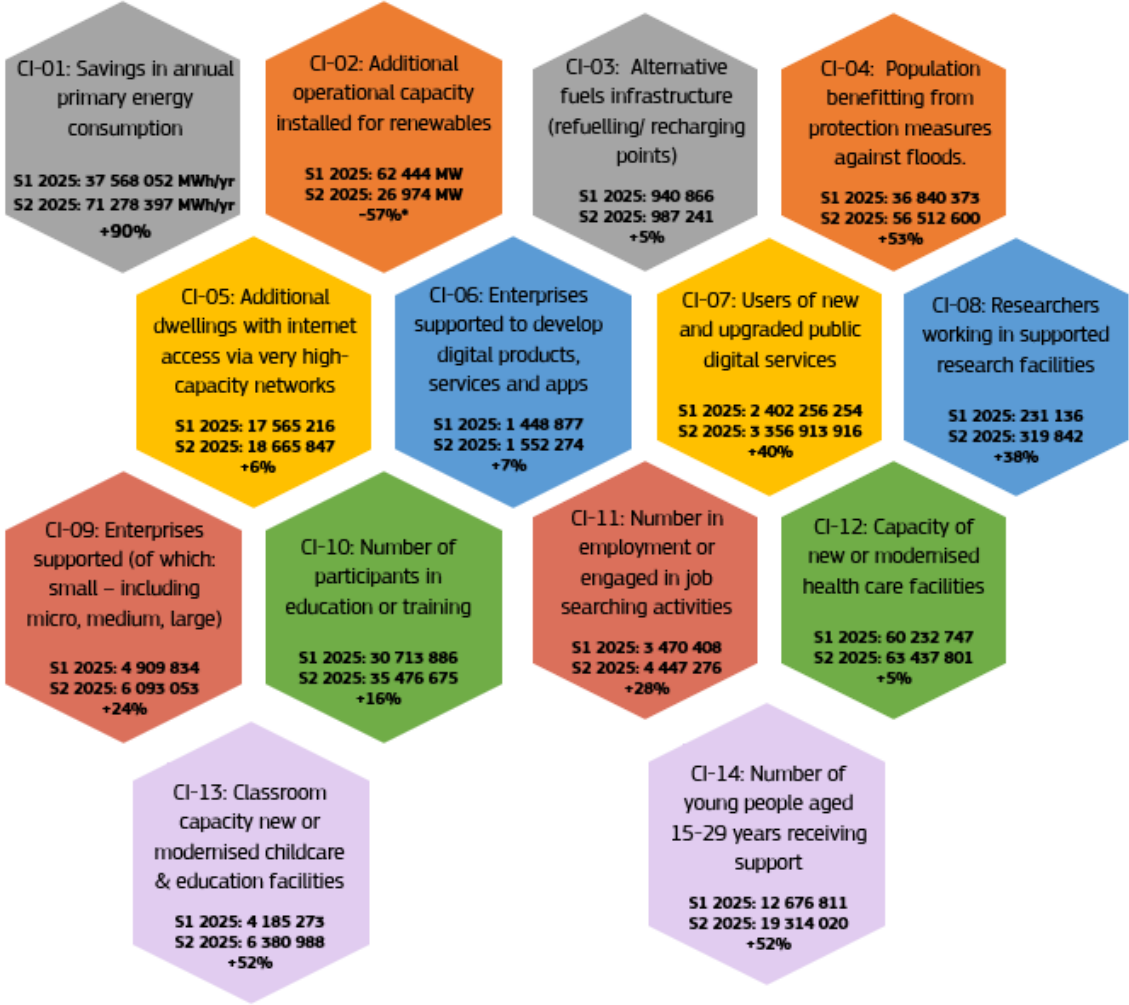
Reporting on Final Recipients

In line with Article 25a of the RRF Regulation, Member States have an obligation to create an easy-to-use public portal containing data on the 100 final recipients receiving the highest amount of funding for the implementation of measures under the Facility and to update that data twice a year. In 2025, 27 Member States reported twice. Such data is also published on the Recovery and Resilience Scoreboard. DG ECFIN, together with SG REFORM, pays particular attention to ensuring consistency and comparability of the data. The Commission discussed the reporting on final recipients with Member States in several meetings of the Informal RRF Expert Group, underlining its importance for enhancing transparency. The RRF Annual Report 2025 analysis has shown public entities but also SMEs figure prominently amongst the 100 largest final recipients.

Reporting on common indicators

The Commission Delegated Regulation (EU) 2021/2106 of 28 September 2021 establishes that the Member States shall report biannually (by 28 February and 31 August respectively) on a set of 14 common indicators across all six policy pillars. The common indicators data allows the Commission to report on the progress achieved by all Member States towards the objectives of the RRF but meant to monitor individual RRFs. DG ECFIN verified the consistency and robustness of the data, if needed requesting checks and corrections. Notably, a previous error in reporting by Belgian authorities led to Common Indicator 2 being revised downwards (see (*) in Figure 5 below). DG ECFIN updated the recovery and resilience scoreboard with the eighth round of reporting on 20 November 2025 and the ninth round on 8 May 2026.

Figure 5 - Table on the latest Common indicators reporting



(*) Common Indicator 2 was revised downwards due to the correction of a previous mistake in the reporting by Belgium and Italy.

Note: The RRF Common Indicators in the chart reflect data and updates reported to the Commission until mid-May 2026. Note that these figures may be updated over time due to, for example, revised data from Member States' reporting authorities or further validation checks.

Source: Implementation progress of common indicators, Recovery and Resilience Scoreboard.

4.2. Control results

4.2.1 Control environment

The control framework is tailored to the unique nature of the RRF as a fully performance-based instrument. Beyond the Commission's internal control structure, the control environment of the RRF aims at providing DG ECFIN's Authorising Officer by Delegation (AOD) with the necessary elements of assurance on the RRF budget in a timely manner.

Since the start of the implementation of the RRF, DG ECFIN has taken a dynamic approach to audit and control. Over time, benefiting from the findings and recommendations from its own auditors, the IAS, the ECA, the Council of the EU, and the European Parliament, DG ECFIN has built a robust control environment for the RRF. The Commission has also strengthened its audit and control framework by **clarifying key aspects of the facility's operations with the publication of a number of guidance documents**. These continue to be applied in a consistent manner and relate to:

- The **framework for "Reductions and Recoveries under the Recovery and Resilience Facility"**, published on 19 July 2024, as Annex IV of the updated Guidance on Recovery and Resilience Plans ⁽³⁸⁾. It covers all the grounds for reductions and recoveries under the RRF Regulation, including three different situations: (1) cases of fraud, corruption, and conflict of interests affecting the financial interests of the Union not corrected by the Member State; (2) cases of serious breach of an obligation of the Financing Agreement or Loan Agreement; and (3) cases where the information and justification underlying a payment request is found to be incorrect.
- The key concepts underpinning the Commission's interpretation of **double funding** under the RRF and its approach to the prevention of double funding as laid out in Annex IV of the RRF Annual Report 2024 ⁽³⁹⁾.
- The detailed guidance as regards **the eligibility of measures** under the RRF, as outlined in Annex II of the RRF Annual Report 2024 and specifically the retroactivity clauses included in the RRF Regulation (Article 17(2)), to clarify the rationale underpinning the guidance already provided by the Commission to Member States on how to determine, during the assessment of the RRFs, when a measure has started. In line with the RRF Regulation, measures started from 1 February 2020 shall be eligible (and 1 February 2022 for REPowerEU measures). In line with statistical and legal principles, the Commission continues to interpret the start of a measure as the beginning of implementation of the measure on the ground (as opposed, for instance, to the mere signature of contracts).

In the course of 2025 and during the first half of 2026, DG ECFIN consolidated the existing audit and control RRF architecture, introducing targeted improvements, as follows:

- On 25 March 2025, DG ECFIN adopted a **framework for the use of commitments** from Member States in the context of audit and control milestones under the RRF. The framework outlines when a commitment is (or is not) possible, the practicalities of

⁽³⁸⁾ C/2024/4618 Commission Notice – Guidance on recovery and resilience plans

⁽³⁹⁾ COM(2024) 474 final

introducing audit and control milestone commitments, and the consequences of non-fulfilment of an audit and control milestone commitment. The framework also includes a template for the drafting of audit and control milestone commitments.

- In September 2025, DG ECFIN updated the **Guidance on the assessment of the internal control systems set in place by the Member States under the RRF**, as well as the **Guidance to Member States for the preparation of the summary of audits under the RRF**. The key control points related to the main risks in the areas of public procurement and State aid were clarified and expanded, following the recommendations stemming from the ECA Special Report 09/2025 on public procurement and State aid. In May 2026, DG ECFIN amended further these two guidance documents, by complementing them with best practices in relation to recovery of amounts affected by fraud and for reporting of fraud and suspected fraudulent cases. This was done to address the recommendations issued by ECA in its Special Report 06/2026 on tackling fraud in the RRF.
- Further, in April 2026, the Commission adopted the **Guidelines for Member States on operational aspects related to the final phase and closure of the Recovery and Resilience Facility** ⁽⁴⁰⁾. This Commission notice informs the Member States about the final steps of the programme's implementation until the end of 2026 and the applicable procedures and obligations beyond 2026, also in relation to audit and control. It recalls the regulatory framework and provides additional information on how the Commission intends to operationalise key aspects of the Facility's closure. It also clarifies the Member States' continued obligations as regards the period beyond 2026 and provides final dates for RRF-related reporting obligations.

The revised Audit and Control Strategy adopted in December 2023 was steadily implemented, with thorough checks performed:

- As regards **public procurement and State aid**, the Commission has continued to implement **enhanced comprehensive checks** ⁽⁴¹⁾ **in all types of audit work** on the Member States' internal control systems to verify how these systems ensure compliance with public procurement and State aid rules, including the effectiveness of such checks. In addition, following the publication of the **ECA Special Report 09/2025** ⁽⁴²⁾ in March 2025, the Commission implemented all of the accepted or partially accepted recommendations, showcasing DG ECFIN's clear commitment to strengthening the audit approach. Please see section 4.2.2.j for further details.
- In line with its revised Audit Strategy, DG ECFIN has continued to conduct its **annual risk assessment methodology** to select Member States for **further system audits on the protection of the financial interests of the Union (PFIU)**. The January 2025 risk assessment led to the selection of six Member States rated as high risk (France, Ireland, Poland, Finland, Spain, Sweden) based on pre-defined criteria, prioritising those where enhanced public procurement and State aid checks had not been applied. As the RRF entered its final implementation phase, the 2026 risk assessment shifted towards more targeted PFIU selection and combining PFIU audits with other audit types for an efficient use of resources. The 2026 PFIU risk assessment was prepared in early 2026

⁽⁴⁰⁾ Commission Notice C/2026/2614: [*Guidelines for Member States on operational aspects related to the final phase and closure of the Recovery and Resilience Facility*](#).

⁽⁴¹⁾ In particular, the Commission continued to use comprehensive checklists on public procurement and State aid which were rolled out in April 2023 and approved in September 2023.

⁽⁴²⁾ European Court of Auditors, Special Report 09/2025: Systems for ensuring compliance of RRF spending with public procurement and State aid rules – Improving but still insufficient. 10/03/2025.

and led DG ECFIN to plan additional PFIU audit work in four selected Member States rated as high risk (Czechia, Italy, Sweden and Netherlands).

- Throughout the year, DG ECFIN has continued to audit the work performed by national audit authorities, strengthening the effectiveness of their work and their detection capacity. In January 2025, DG ECFIN also **clarified the pre-requisites and conditions for relying on the work of national audit bodies in the framework of ex-post audits**. To date, DG ECFIN has performed 23 compliance audits (or combined audits with compliance elements). Based on these, the audit work carried out by the national audit bodies in 13 Member States has been assessed as reliable, allowing their results to be taken into account when planning the ex-post audits on milestones and targets, in line with the single audit approach. For the remaining Member States, DG ECFIN continues to monitor the implementation of the audit recommendations.
- DG ECFIN has continuously used its refined approach on how to address the risks of reversals during ex-post audits on milestones and targets which was introduced following the publication of the Reversal Framework by the Commission on 19 September 2023 ⁽⁴³⁾.
- Throughout the year, in the context of RRP revisions, the Commission has continued to **reassess the adequacy of Member States' control arrangements in protecting the financial interests of the Union**. Thanks to constructive discussions that led to significant and timely corrective actions addressing the identified issues in several Member States, the introduction of new audit and control milestones has not been considered necessary in any RRP revision since the publication of the last AAR.
- DG ECFIN **continuously monitors the implementation of the issued audit recommendations**. Since the start of the Facility, DG ECFIN has issued more than 2 700 audit recommendations across all 27 Member States. 2 480 recommendations are already closed or preliminarily assessed by DG ECFIN as closed, representing an implementation rate of 91%. A continued and close cooperation with the Member States allowed the Commission to reach this result, which demonstrates, in respect to audit recommendations stemming from PFIU audits, the tangible improvements made in the Member States' internal control systems. In its 2024 Annual Report, the ECA recommended to analyse the delays in implementing the Commission audit recommendations identified in ex post audits. Out of the 136 recommendations under scrutiny, 90% were fully closed, while the remaining ones were granted an extension of the deadline and reclassified to *important* (8%), or are either under ongoing analysis by DG ECFIN, or require the Member States to submit the supporting evidence (2%). The follow-up on the Commission's audit recommendations is further elaborated in section 4.2.2(g).

A detailed explanation of the control environment can be found in Annex 14.

4.2.2 Control results summary

a) Assessment of the adequacy of national control arrangements described in the RRPs

While Member States' control arrangements were assessed during the adoption of the original RRPs, they are also reassessed when RRPs are revised. This (re)assessment is carried out in accordance with criterion 2.10 of Annex V of the RRF Regulation, based on the

⁽⁴³⁾ COM(2023) 545 final, Annex II.

information provided by the Member States, supplemented by additional evidence obtained by the Commission, including information on the implementation of the system in place, among others through its own audit work. Where deficiencies in control systems are of such nature that they can be remedied by an audit and control milestone, specific **audit and control milestones may be introduced in the revised RRP**s as part of the proposal for a CID. Such milestones must be fulfilled before any subsequent payment is made.

In 2025, a total of 50 RRP revisions were approved. Between January 2026 and the cut-off date of 28 May 2026, a total of 11 additional RRP revisions were approved. As part of the RRP revisions submitted up to 13 March 2026, and in light of the available information, the Commission assessed whether the arrangements for the audit and control system were (still) adequate. **Following a thorough assessment, in May 2025, the Commission proposed an additional audit and control milestone in one Member State (Slovakia).** This limited number can be explained by three main factors. First, many of the 2025 RRP revisions concerned Member States whose control systems had already been reassessed in 2024. Second, some Member States were already subject to audit and control milestones, addressing the remaining deficiencies. Third, the prospect of such milestones provides an effective incentive to enhance control systems. In autumn 2025, when numerous RRP revisions were submitted, the Commission engaged in constructive discussions with several Member States to address identified issues. The Member States concerned implemented corrective actions in a timely and efficient manner, so that ultimately no additional audit and control milestones were required.

Since the beginning of the RRF implementation, a total of 83 audit and control milestones were incorporated into the CIDs for 24 Member States, with Hungary having the highest number at 27 of such milestones (see table 4 in Annex 14). All these audit and control milestones have been satisfactorily fulfilled to date, except for Hungary, which has not yet submitted its first payment request (see details in 4.2.2.b2)).

In 2023, a Member State communicated to the Commission amendments to its internal control system, as described in its RRP. In response, DG ECFIN reported in its 2023 AAR that it had opened a review report to assess the amended control system's compliance with the conditions and key requirements of the Financing Agreement. As indicated in its 2024 AAR, on 1 April 2025, DG ECFIN issued its final review report concluding that the amended control system was still compliant but considered it necessary to put in place a monitoring mechanism. The Commission services have assessed the Member State's first monitoring inputs and provided its conclusions in March 2026. In the Commission's assessment, three out of seven recommendations from the monitoring mechanism have been implemented or implemented in most respects, while four recommendations require further improvement. The second reply was submitted by the Member State in May 2026 and is currently under Commission assessment.

b) Ex-ante controls at payment stage

1) Assessment of the satisfactory fulfilment of milestones and targets

The Commission assessed 34 payment requests in 2025, which were submitted by 24 different Member States. These covered 1 174 milestones and targets in total (794 milestones and 380 targets).

1 163 milestones and targets were assessed as fulfilled, and 11 were assessed as non-satisfactorily fulfilled. Parts of the related disbursements were subsequently suspended for the payment requests submitted by Romania, Spain, and Bulgaria (two separate payment requests). The Commission also lifted the suspensions for three milestones and targets in 2025 (one target for Spain, one milestone for Cyprus, and one milestone for Czechia) as the necessary actions were taken to satisfactorily fulfil the related milestones and targets. The Commission reduced one Member State's (Czechia) financial contribution in accordance with Article 24(8) of the RRF Regulation for one milestone that remained non-satisfactorily fulfilled by the end of the suspension procedure. In the case of Belgium, whilst a suspension decision was adopted in 2024, the suspension has since been rescinded in 2025 as the RRP was subsequently revised.

2) Assessment of milestones on audit and control

As of the cut-off date of 28 May 2026, the **Commission assessed 56 of the 83 audit and control milestones introduced in RRFs as satisfactorily fulfilled** in the context of the assessment of the payment requests submitted by 23 Member States.

To reach a positive assessment of the audit and control milestones, the Commission performed desk reviews and in-depth assessments of the evidence provided by each Member State. These in-depth assessments included in most cases additional requests for information and exchanges between the Commission and the national authorities.

With a total of 56 audit and control milestones assessed as satisfactorily fulfilled across 23 Member States as of the cut-off date of 28 May 2026, **control systems in the Member States have significantly improved since the launch of the RRF**. At the time of signature of the AAR, the remaining 27 audit and control milestones related to one Member State (Hungary), which had not yet submitted its first payment request.

To ensure **continuous fulfilment of the audit and control milestones** assessed as satisfactorily fulfilled, **13 commitments were made by 11 Member States**. The Commission assesses the implementation of these commitments when assessing the next payment request made after the expiry of the relevant timeline. As of 28 May 2026, all **13 commitments have been implemented** —three in 2022, two in 2023, three in 2024, and five in 2025 - based on the Commission's preliminary assessment published alongside the respective payment requests.

3) Analysis of management declarations and summaries of audit

The Commission reviewed the management declarations and audit summaries accompanying the 34 payment requests submitted in 2025.

In the management declarations accompanying the payment requests, the Member States notably confirmed that the information submitted with the request was complete, accurate, and reliable, and that the control systems in place gave the necessary assurances that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflicts of interests, fraud prevention, corruption, and double funding, including also rules on public procurement and State aid.

In case of issues with the management declarations, which rarely occurred and were usually minor, or with the summaries of audits, where the issues were mostly about missing information

on national audits or the need to clarify information, DG ECFIN followed up with the coordinating bodies to clarify. For the payments where funding was suspended in 2025 due to milestones and targets not satisfactorily fulfilled, the review of management declarations and summaries of audits had previously raised doubts about their fulfilment, which were therefore confirmed by the preliminary assessment of DG ECFIN.

Moreover, one of the Member State's channels to report cases (or suspected cases) of fraud, corruption, conflicts of interest or double funding is via the use of the management declarations and summary of audits. DG ECFIN follows up on these issues with national authorities. For the payments processed in 2025, 158 cases were submitted by 18 Member States, in the accompanying documents of 23 payment requests. For cases affecting the financial interests of the Union which have not been corrected by the Member State, the Commission has the right to undertake corrective measures.

c) Ex-post audits on Milestones and Targets

In line with its Audit Strategy, DG ECFIN carried out 23 ex-post audits on milestones and targets, covering 28 out of the 34 payments following payment requests submitted in 2025. These audits covered second payments for Austria, Belgium, Ireland and Luxembourg; third payments for Austria, Belgium, Bulgaria, Cyprus, Denmark, Estonia, Finland, Ireland, Latvia, Malta, Poland and Romania; fourth payments for Cyprus, Czechia, France, Spain and Slovenia; fifth payments for Greece, Slovakia, Spain; sixth payments for Greece, Croatia and Portugal; and seventh payments for Croatia and Italy. As specified in Annex 14, and pursuant to DG ECFIN's Audit Strategy, the selection of milestones and targets for these ex-post audits was based on a risk assessment.

By the cut-off date of 28 May 2026, and in line with the Audit Strategy, **DG ECFIN conducted ex-post audits on a total of 80 milestones and targets**, comprising 69 high-risk (out of 80)⁽⁴⁴⁾ and 11 medium-risk milestones or targets. Based on the risk assessment methodology, payments made in 2025 to Czechia (3rd payment), Portugal (7th payment request), Italy (8th payment request), Finland (2nd payment request), Spain (4th payment request) were not subject to ex-post audits on milestones and targets, as these payments did not include any high-risk milestones or targets. In addition, information on the outcome of the audits on milestones and targets, including the status of these audits (completed, reporting stage, flash report), their completion rate, the basis for reaching conclusions on legality and regularity can be found in Annex 14.

Ex-post audits on milestones and targets also included checks for indications of **double funding**. In this context, where appropriate, DG ECFIN requested information on final recipients and cross-checked this information in the KOHESIO and FTS databases with information on projects under

⁽⁴⁴⁾ DG ECFIN auditors did not audit 11 high-risk milestones and targets for the following reasons: seven milestones and targets had already been audited by the audit bodies of the Member States (EE, EL and HR) and DG ECFIN relied on their results in line with the methodology developed regarding the reliance on the work of national audit authorities. Two other milestones and targets (BE) were audited by ECA in the SoA 2025 and were not audited by DG ECFIN for audit burden reasons. Lastly, one target was not audited by DG ECFIN auditors since it was linked to a suspended payment (ES) while another one included measures that had already been audited (EL) by DG ECFIN in previous years.

Cohesion funds as well as databases covering direct expenditure incurred by the Commission. Where data is available, DG ECFIN can also use ARACHNE ⁽⁴⁵⁾ for checks.

Finally, the risk assessment to select milestones and targets for ex-post audits **also addressed the risk of reversal**, based on information at the auditors' disposal, such as, geo-desk information, media reports, external tips, the ECA, and the **Joint Audit Directorate for Cohesion (DAC)** reports, OLAF cases, whistleblower tips, and any other relevant documentation. Ex-post audits then incorporated checks to verify whether the milestones or targets have been reversed. This means that the auditors also checked whether the information and justification underlying the fulfilment remains valid and whether the same conclusion on the fulfilment of the milestone or target can be drawn at the time of performing the ex-post audit.

Based on the audit work for the payments disbursed in 2025, for two Member States, initial findings indicated potential issues with the satisfactorily fulfilment of two targets. However, following post-fieldwork evidence submitted, DG ECFIN can reasonably conclude that the targets are satisfactorily fulfilled at this stage.

Based on its audit work for the payments disbursed in 2025, DG ECFIN **found no evidence that the audited milestones and targets have not been satisfactorily fulfilled** ⁽⁴⁶⁾. Any other discrepancies identified between the data declared and the data audited remained within the margin of 5% considered by the Commission for its assessment.

In principle, should the Commission consider during an ex-post audit that a milestone or a target has not been reached, it would initiate financial corrections to recover the undue part of the payment made. However, this has not happened for the payments done in 2025.

d) System audits on protection of the financial interests of the Union

Since the start of the Facility, DG ECFIN has carried out 36 system audits on the PFIU covering all Member States at least once and 190 auditees in total. In line with its revised Audit Strategy, DG ECFIN has developed a risk assessment methodology to be applied annually to select Member States for further system audits on PFIU. The risk assessment conducted in January 2025 generated an overall score for each Member State, which was then complemented by relevant qualitative elements and third-party information. Priority was given to Member States where controls on public procurement and State aid were not carried out using the checklists adopted in September 2023. **During 2025, DG ECFIN carried out additional system audits on PFIU in four Member States:** Finland, France, Ireland and Poland ⁽⁴⁷⁾. Accordingly, DG ECFIN performed two targeted system audits on public procurement and State aid in France and Ireland, and two compliance audits in Finland and Poland, using the enhanced checklist on public procurement and State aid rolled out in April 2023. DG ECFIN also performed one targeted system audit on double funding in Spain in February 2026. Sweden was initially selected for a PFIU

⁽⁴⁵⁾ ARACHNE is an IT tool for data mining and data enrichment developed by the European Commission. ARACHNE helps identifying the projects drawing on several EU funds where a potential risk of double funding exists. It shows beneficiaries, contractors, subcontractor, partners, and consortium members involved in multiple projects irrespective of their role in the various projects.

⁽⁴⁶⁾ In accordance with the risk assessment methodology as outlined in Annex 5.

⁽⁴⁷⁾ For Finland and Poland, further checks were done via compliance audits, focusing on the work of national audit bodies in relation to system audits concerning PFIU.

system audit. However, considering the remedial actions implemented in the course of 2025 by the national authorities to improve Sweden's internal control system, and assessed as satisfactorily fulfilled by DG ECFIN, the PFIU system audit was ultimately deemed no longer necessary.

Given that the RRF has entered the final phase of implementation, the focus of the **2026 risk assessment** shifted towards more targeted PFIU selection and combining PFIU audits with other types of audits for an efficient use of resources. The 2026 PFIU risk assessment was prepared in early 2026 and led DG ECFIN to set the objective of conducting additional PFIU audit work in four selected Member States rated as high risk (Czechia, Italy, Sweden and Netherlands). Two further Member States assessed as high risk, Spain and Belgium, will not be covered by new targeted PFIU audits in 2026 for justified reasons: in Spain, the previously mentioned targeted PFIU system audit was conducted recently, in February 2026, while Belgium has been covered by two PFIU audits and has made significant progress in implementing the related audit recommendations. In addition, Belgium has already implemented four audit and control milestones.

Since the start of the implementation of the RRF, DG ECFIN has observed, based on its ongoing audit work, an **overall improvement in the implementation of control systems** across the audited RRF implementing and coordinating bodies. Member States are taking corrective actions in response to audit findings and, in some cases, audit and control milestones have provided an additional incentive for their timely implementation. For the Commission, the timely implementation of outstanding recommendations is key, in particular given that the RRF is approaching its final phase. Therefore, DG ECFIN continues to closely and regularly monitor the implementation of these recommendations, in close collaboration with Member States and in line with agreed deadlines. More details on the follow-up of audit recommendations can be found in section g) below.

Several good practices have been observed among some audited bodies. As acknowledged by the ECA in its Special Report 06/2026 on *Tackling fraud in the RRF*, the Commission's audits are effective tools, leading to improvements in the anti-fraud systems of the Member States. As a result of these audits, Member States have introduced procedures to detect potential fraud, corruption, conflicts of interest, and double funding — often supported by data mining tools such as ARACHNE. Other positive examples include staff training programmes designed to raise awareness of fraud and corruption risks, as well as the use of the fraud risk assessment templates. Notable progress has also been made regarding data collection in line with Article 22(2)(d) of the RRF Regulation.

Nonetheless, some areas for improvement remain and are closely monitored through the follow-up of DG ECFIN audit recommendations. These include further improving controls in some Member States to prevent conflicts of interest, reinforcing procedures to verify the absence of double funding, ensuring compliance with publicity obligations, further increasing participation in fraud awareness training, and enhancing the reporting of irregularities to OLAF. The corrective actions are being implemented by the Member States and are being monitored by DG ECFIN (see section 4.2.2(h)).

Based on the outcomes of the system audit work carried out and considering the results of the analysis of the management declarations and summaries of audits mentioned above, **the**

Commission can give reasonable assurance regarding the implementation of Article 22 (5) of the RRF Regulation in 2025, with the exception of Czechia, as further explained in Annex 9.

e) Controls on Member States' obligation to ensure compliance with public procurement and State aid rules

In response to the ECA's 2023 Annual Report (Chapter 11) and to align with its updated audit strategy issued in December 2023, **the Commission expanded the scope of its audit work to systematically verify, across all types of audits, Member States' compliance with their obligation under Article 22(2)(a) of the RRF Regulation.** This includes verifying, where applicable, that Member States regularly check that the financing provided is properly used in accordance with all applicable EU and national rules, particularly in the areas of public procurement and State aid, **including the effectiveness of such checks.**

These verifications were carried out using the **enhanced toolbox**, incorporating comprehensive checklists introduced in April 2023 and formally approved in September 2023, as well as defining the specific sampling requirements for procurement procedures to be reviewed during audits, per implementing body, introduced in September 2024. In relation to State aid, DG ECFIN's audit checklist was amended in early 2025 following the ECA **Special Report 09/2025** on *Systems for ensuring compliance of RRF spending with public procurement and State aid rules* to reflect more clearly whether Member States have verified compliance with the conditions of relevant schemes, such as the General Block Exemption Regulation (GBER) or State aid framework for Research and Development and Innovation (RDI).

In its **Special Report 09/2025**, ECA issued some targeted recommendations for further improvement. All seven accepted recommendations related to RRF have already been implemented by DG ECFIN. This clearly demonstrates DG ECFIN's commitment to strengthening its approach. To this end, the Commission updated in September 2025 two guidance documents: *Guidance on the assessment of the internal control systems set in place by the Member States under the RRF* and *Guidance to Member States for the preparation of the summary of audits under the RRF*. Both guidance documents were shared with the Member States' authorities in October 2025. They include the key control points addressing the main risks in public procurement and State aid.

Since the rollout of the enhanced checklists in April 2023, **all Member States have been audited at least once in this regard, either under system audits, compliance audits or ex-post audits, as applicable** (see dedicated table in section 1.2 of annex 14).

The Commission has continued to verify, across all types of audits, Member States' compliance with their obligation under Article 22(2)(a) of the RRF Regulation, including the effectiveness of such checks. In 2025, 12 Member States were covered by checklists on public procurement, and nine Member States were covered by the checklist related to State aid. Where relevant, a system audit with a specific focus on State aid and public procurement was performed. This has been the case for France and Ireland ⁽⁴⁸⁾. From January 2026 until 28 May 2026, DG ECFIN is using the comprehensive checklists on public procurement in 11 Member States, while the one on State

⁽⁴⁸⁾ For detailed information on audit coverage per Member State, please refer to Annex 14.

aid is being used in nine Member States. Notably, in the course of these checks, DG ECFIN assesses whether conflicts of interest are prevented and detected. DG ECFIN verifies whether declarations of absence of conflict of interest are signed by the members of the evaluation/award committees and whether the veracity of these self-declarations is cross-checked against national databases or ARACHNE.

In its Special Report 09/2025, the ECA acknowledged the Commission's progress noting the positive use of enhanced checks on public procurement and State aid with the use of comprehensive checklists.

In light of the above, it can be concluded that **the Commission verified via its own audits that all Member States complied with their obligations to regularly check** that the financing provided in the context of the underlying transactions was properly used in accordance with **public procurement and State aid rules, including the effectiveness of these checks.**

Based on its audit work, DG ECFIN considers that the **control procedures put in place in the Member States provide the necessary assurance** –notably for public procurement and State aid– that Member States fulfilled their obligation to regularly check **that the financing provided was properly used and implemented in accordance with all applicable rules, including the effectiveness of those checks.**

f) Compliance audits

Since the adoption of the revised RRF Audit Strategy in December 2023, DG ECFIN performed an **increasing number of compliance audits**, which assess the **reliability of the work performed at national level, encompassing two key areas**: (1) the audits of national control systems, to ensure that national and EU rules are complied with, including public procurement and State aid rules, and that the Union budget is protected, and (2) the audits of milestones and targets. Furthermore, these audits include checks to verify that the national audit authorities are adequately addressing the risk of double funding. When performing compliance audits, the Commission follows the legal framework, especially the annex of the Financing or Loan Agreement, which specifies the key requirements for Member States' internal control systems.

In January 2025, DG ECFIN refined the internal criteria to decide when the work of a national audit body can be considered reliable as regards the ex-post assessment of satisfactory fulfilment of milestones and targets. Such reliance is possible only where Commission compliance audits result in either an unqualified opinion or a qualified opinion with limited impact. In such cases, DG ECFIN auditors may rely on the national audit bodies' assessments and are not required to include in their ex-post audit selection any high-risk milestones and targets already assessed as satisfactorily fulfilled by those national bodies.

These efforts are aimed at obtaining further assurance that DG ECFIN can rely on the work conducted by national audit bodies and strengthening further the effectiveness of the audit work performed at national level while, in the spirit of the single audit approach, minimising the duplication of audits and increasing the audit work efficiency overall.

Since the start of the Facility, DG ECFIN has conducted 23 compliance audits or combined audits with compliance elements. Nine dedicated compliance audits were carried

out in Czechia, Bulgaria, Poland, Finland, Denmark, Netherlands, Sweden, Slovenia and Slovakia. Additionally, compliance audit elements were integrated in a system audit as regards milestones and targets in Cyprus, in ex-post audits on milestones and targets in Spain, Austria, Luxembourg, Romania, Germany, Estonia, Greece, Croatia, Italy, Lithuania, and Latvia, as well as in system audits on PFIU in Italy and France. As of the cut-off date of 28 May 2026, a total of 23 Member States had undergone a compliance audit or had been subject to an audit that included a compliance dimension since the inception of the facility. Consequently, the audit results from 13 Member States with unqualified audit opinion or a qualified opinion with limited impact can be relied upon when selecting milestones and targets to be audited.

In a number of instances, findings regarding the work of the audit authorities identified areas for further improvement, including in some cases very important recommendations that are being implemented by the national audit bodies. Examples of findings addressed to the national audit bodies include the need to include deadlines for the implementation of their recommendations, to better define follow-up procedures, to improve audit manuals, checklists or documentation, to strengthen verifications of public procurement procedures and State aid rules, and to address staffing issues or the allocation of audit staff.

g) Follow up of audit recommendations

When assessing Member States' implementation of audit recommendations, DG ECFIN applies a well-defined methodology. Each recommendation is carefully analysed, ensuring the identification and application of the most effective actions across the various categories listed below:

- o **Close the recommendations:** DG ECFIN **thoroughly assesses Member States' replies** and supporting documents that evidence the implementation of the audit recommendations. DG ECFIN marks recommendations as 'implemented' **only if sufficient, adequate and reliable evidence of implementation is provided by the Member State.** The closure of the recommendations is communicated to the Member State in a Follow-up letter (and Closure letter once all recommendations from an audit are implemented). DG ECFIN may close recommendations in the Final Audit Report, if the Member State proactively provides evidence of implementation during the contradictory phase.
- o Where substantial progress has been made and only minor issues remain, the residual importance of the **finding may be downgraded.**
- o **Apply flat rate corrections** (of 5%, 10%, 25% or 100%) ⁽⁴⁹⁾ in cases of serious breach of an obligation set out in the Financing Agreement or Loan Agreement, as detailed in the framework for Reductions and Recoveries under the RRF.

Since the start of audit work on RRF, DG ECFIN has issued over 2 700 recommendations to the auditees in the 27 Member States. DG ECFIN has pursued a rigorous and enhanced monitoring of outstanding open recommendations, in close cooperation with Member States' authorities to ensure that these are implemented in a timely and efficient manner. Thanks to these efforts, 2 480 recommendations, i.e. around 91% of the total, are already closed or preliminarily

⁽⁴⁹⁾ Percentage of the affected amount of the contract or award in case double funding has taken place.

assessed as closed. Special attention has been given to audit reports with the highest number of open *critical* and *very important* recommendations.

In the framework of the Statement of Assurance 2024, the ECA selected 20 Commission final ex-post audit reports on milestones and targets that by 30 April 2025 contained 417 (71 %) implemented and 174 open recommendations (29%). Among those open recommendations, 136 were related to *critical* and *very important* findings. Between 1 May 2025 and 28 May 2026, a considerable progress in the implementation of these recommendations was achieved: 90% of 136 were fully closed, while 8% were provided with an extension of the deadline and were reclassified to *important*. For the remaining ones, one follow-up letter is under preparation to close two recommendations while for the last open recommendation, DG ECFIN awaits supporting evidence from the Member State which can be provided, for duly justified reasons (i.e. results of the national checks available after the final recipients submit their payment requests) in Q3-2026.

DG ECFIN is committed to continuing to closely monitor the implementation of the issued audit recommendations. This follow-up activity is increasingly important as the final phase of RRF is approaching.

h) State of play on the implementation of the framework for ‘Reductions and Recoveries under the RRF’

Since the inception of the RRF implementation, the Commission has opened ten cases pursuant to the framework for Reductions and Recoveries ⁽⁵⁰⁾.

This framework distinguishes between two types of reductions or recoveries: (i) those related to the protection of the financial interests of the Union (PFIU) and (ii) those related to the legality and regularity of payments. To date, there are four cases under the first type and six cases under the second.

Reductions or recoveries related to PFIU

These reductions or recoveries are categorised under two grounds: fraud, corruption, and conflict of interests affecting the financial interests of the Union not corrected by the Member State (1st ground); and serious breach of an obligation under the financing or loan agreement (2nd ground). To date, there are two cases under the first ground and two cases under the second ground.

The first case relates to a conflict of interest in Slovakia, which was detected during a DG ECFIN audit, by the national Audit Body, and in an investigation of OLAF. As the Member State failed to correct the irregularity, on 8 May 2025, the Commission adopted an Implementing Decision reducing support to Slovakia by EUR 1.225 million in accordance with Article 22 (5) of the RRF Regulation and Article 19(1) and (2)(a) of the Financing Agreement pursuant to the framework.

The second case concerns two conflict-of-interests cases detected in Czechia for which a financial reservation was issued in DG ECFIN’s AAR 2024. Since then, the Commission has

⁽⁵⁰⁾ C/2024/4618 Commission Notice – Guidance on recovery and resilience plans - Annex IV

initiated the recovery procedure, starting with the opening of the contradictory procedure with the Member State. The reply of the Member State received in the context of the contradictory procedure is currently under assessment.

The third and fourth cases were triggered by OLAF recommendations to DG ECFIN regarding irregularities related to final recipients, leading to **a serious breach of Financing Agreement obligations**. On 27 September 2024, the Commission sent a final review report to the affected Member State, and the case is now considered closed as all appropriate measures have been undertaken by the Member State concerned. Following another OLAF recommendation, DG ECFIN has initiated in May 2026 the recovery procedure by requesting the concerned Member State, via a review report sent on 29 May 2026, to recover the unduly disbursed amounts.

Reductions or recoveries related to legality and regularity

Reductions or recoveries related to the legality and regularity of payments can also be categorised under two grounds: those linked to cases where incorrect information or justification underlies a payment request (3rd ground), and (only) reductions in accordance with Article 24(8) of the RRF Regulation (4th ground).

DG ECFIN identified **three cases where the information or justification submitted in support of the payment request was found to be incorrect**.

- As reported in its AAR 2024, DG ECFIN sent final review reports to two Member States for incorrect information or justification underlying a payment request. Following additional evidence submitted by the concerned Member States, both cases were closed without the need for the Commission to recover the affected amounts.
- In addition to the two cases mentioned above, the Commission identified an error in its preliminary assessment of one milestone following the receipt of an ECA clearing letter in the context of the Statement of Assurance 2025 (see also next section), and consequently sent a draft review report to the Member State concerned on 28 May 2026 requesting additional information and justification regarding the satisfactory fulfilment of that milestone, pursuant to Article 12 of the RRF Financing Agreement.

Finally, the Commission has adopted, since the inception of the RRF, **three funding reduction decisions** under the legality and regularity pillar in accordance with Article 24(8) of the RRF Regulation following a suspension decision for non-satisfactory fulfilment of milestones and targets concerning Lithuania ⁽⁵¹⁾, Romania ⁽⁵²⁾ (already reported in DG ECFIN's AAR 2024) and Czechia ⁽⁵³⁾.

⁽⁵¹⁾ Commission Implementing Decision of 6.5.2024 on the reduction of the amount of the first instalment of the non-repayable support for Lithuania (C(2024) 3171 final)

⁽⁵²⁾ Commission Implementing Decision of 18.12.2024 on the reduction of the amount of the second instalment of the loan support for Romania (C(2024) 9256 final)

⁽⁵³⁾ Commission Implementing Decision of 21.11.2025 on the reduction of the amount of fourth instalment of the non-repayable support for Czechia (C(2025) 8030 final)

i) Ongoing ECA work in the context of the Statement of Assurance of 2025

The Commission's assessment of the Court's findings to conclude on the level of risk for the payments made in 2025 is currently ongoing. By 28 May 2026, the Commission has received clearing letters from the ECA covering the 34 grant payments made to 24 Member States in 2025. In addition, the Commission has received three clearing letters on the ECA's assessment of suspensions being lifted for three payments in 2025. Since the ECA's findings may be used to determine the level of risk of payments, according to the risk level methodology described in annex 5, DG ECFIN assessed them when determining the level of risk for each payment made in 2025.

With respect to the concerned clearing letters, the Commission conducted a thorough analysis and maintained its position, based on its ex-ante and ex-post controls, that all but three milestones and targets included in the corresponding payment requests had been satisfactorily fulfilled. At the time of signing this AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of two targets related to the third RRF payment to Poland, disbursed on 1 December 2025 (see reservation fiche in Annex 9). Additionally, the Commission also identified an error in its preliminary assessment of one milestone related to another payment and consequently sent a draft review report to the Member State concerned on 28 May 2026 requesting additional information and justification regarding the satisfactory fulfilment of that milestone, pursuant to Article 12 of the RRF Financing Agreement.

j) Qualitative assessment of the legality and regularity of payments and compliance with art. 22 (2) (a) and Art. 22 (5) of the RRF Regulation (conclusions on the methodology on materiality threshold described in Annex 5)

The Commission is responsible for ensuring the legality and regularity of its payments to Member States. It must also obtain assurance that Member States comply with their obligations under Article 22 (2) (a) and Article 22 (5) of the RRF Regulation. Article 22 (2) (a) requires Member States to verify that the financing provided has been used in accordance with all applicable rules, including those on public procurement and State aid. Article 22 (5) sets out the Commission's right to reduce support, recover funds, or request early repayment of loans in cases of fraud, corruption and conflict of interest, or where serious irregularities have not been corrected by a Member State, or where there is a serious breach of obligations under the Financing or Loan Agreement.

Since the Facility is a performance-based instrument, the legality and regularity of the payments depend on the actual achievement of the milestones and targets set out in the CIDs. Consequently, the Commission's controls focus on the achievement of the milestones and targets, whereas the costs actually incurred by the beneficiary are not subject to controls by the Commission. According to the RRF Regulation, the Commission nonetheless has the right to reduce proportionately the support under the Facility and recover any amount due to the Union budget or to ask for early repayment of the loan, in cases of fraud, corruption, and conflicts of interests affecting the financial interests of the Union that have not been corrected by the Member States themselves, or a serious breach of an obligation from the financing and loan agreements (which includes double funding).

The Commission makes a qualitative assessment of the control results and the level of risk associated with the operations. Unlike other EU programmes, this assessment is not quantified with an error rate. Error rates reflect a quantitative assessment, which is pertinent when the expenditure can be directly attributed to a quantitative criterion. Payments in the context of the facility are based on a qualitative assessment of the fulfilment of milestones and targets, which is difficult to translate into quantitative terms. Even when milestones and targets have not been satisfactorily fulfilled or have been reversed, and a reduction will be made, this reduction cannot correspond to an amount of ineligible expenditure ⁽⁵⁴⁾ (see also Annex 14). In addition, the investments and reforms included in the RRFs are very diverse, both within a Member State and between Member States, which prevents any statistical extrapolation. In this context, a meaningful error rate cannot be determined. The Commission's qualitative assessment is based on a combination of the results from: (1) the Member States' management declaration and summary of audits that have to accompany each payment request; (2) the ex-ante assessment of milestones and targets included in the payment requests; and (3) the Commission's ex-post audits on milestones and targets.

As a result, DG ECFIN determines for each payment a level of risk to the legality and regularity of the payment, which can be low, medium, or high. In addition, DG ECFIN identifies levels of risk regarding compliance with Art. 22 (2) (a) and Art. 22 (5) of the RRF regulation respectively. These levels of risk that can be low, medium or high are based on the results of audits by DG ECFIN and other available audit information (such as audits by other Commission services, ECA audits, or national audits or OLAF recommendations). Thus, for each Member State, DG ECFIN concludes on a level of risk regarding the Member State's compliance with its obligations from Art. 22 (2) (a) and Art. 22 (5) of the RRF Regulation, which can also be low, medium, or high.

Following the ECA Special Report 09/2025 on *systems for ensuring compliance of RRF spending with public procurement and State aid rules*, DG ECFIN has clarified in the risk assessment methodology how the results of the checks made before the draft report stage are reflected in the assessment of the Member State risk. DG ECFIN also refined how the status of implementation of the audit recommendation is considered in the risk assessment methodology. For more details, please refer to Annex 5 – materiality criteria.

k) levels of risk

1) annual audit and management opinions

Based on the audit work described above, DG ECFIN's audit unit provided its 24 annual audit opinions covering all payments made in 2025 (excluding pre-financing). These audit opinions were then used in addition to any other available information to provide a management opinion for the payments made to the 24 Member States concerned in 2025. Both audit opinions and management opinions provide a level of risk for the elements of the assurance and thus support the conclusion on the overall declaration of assurance. The audit opinions provide a level of risk on legality and regularity of the payment, on the compliance with Art. 22 (2) (a) of the RRF

⁽⁵⁴⁾ COM(2023) 99 final of 21.2.2023: Communication from the Commission to the European Parliament and the Council - Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation

regulation, and on compliance with Art. 22 (5) of the RRF regulation. The management opinions give a level of risk opinion on the legality and regularity of the payments ⁽⁵⁵⁾.

The audit opinions were based on the conducted audit missions and the audit reports available at the cut-off date of 28 May 2026. This included draft and final audit or review reports. Where they were the last available information, flash reports were also considered. This is done subject to the maturity of the findings.

2) levels of risk

Based on the implementation of the risk assessment methodology, as outlined in Annex 5, DG ECFIN concludes that:

- As regards **legality and regularity**, the level of risk is high for the 3rd payment to Poland, medium for the 7th payment request to Italy and low for the remaining 35 disbursements made in 2025.
- As regards **compliance with Art. 22 (2) (a) of the RRF Regulation**, the level of risk is medium for 9 Member States ⁽⁵⁶⁾ and low for the other 15 Member States ⁽⁵⁷⁾.
- As regards **compliance with Art. 22 (5) of the RRF regulation**, the level of risk is high for Czechia, medium for 17 Member States ⁽⁵⁸⁾, and low for the other 6 Member States ⁽⁵⁹⁾.

Based on the methodology on the materiality threshold described in Annex 5, a high-risk level in principle leads to a reservation in the Annual Activity Report.

DG ECFIN's conclusion that there is a high level of risk regarding the legality and regularity of the third RRF payment to Poland is based on findings from the ECA's clearing letter related to that specific payment, for which, at the time of signing the AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of two targets, namely B8G and B10G. As a consequence, no corrective action has been initiated. In accordance with the risk level methodology described in annex 5, the level of risk in this case is considered high, triggering a financial reservation. This is also due to the estimated financial amount at risk for the two targets, which amounts to EUR 326.10 million, exceeding the materiality threshold. (See Annex 9 for further details).

DG ECFIN's conclusion that there is a high level of risk for Czechia regarding compliance with Art. 22 (5) of the RRF regulation, is related to conflict-of-interest case, detected by a system audit from DG ECFIN, concerning a target included in the first payment request. DG ECFIN's auditors identified a conflict of interest between the final recipient and the selected contractor and issued a critical finding. The Czech authorities failed to implement corrective actions within the agreed timeline, which was set for the end of November 2025. The Commission may launch a correction procedure in accordance with Article 19(2)(a) of the

⁽⁵⁵⁾ A table with detailed information can be found in Annex 14: "Level of risk for RRF Payments in 2025"

⁽⁵⁶⁾ Austria, Czechia, Denmark, Estonia, France, Ireland, Romania, Slovakia, Sweden.

⁽⁵⁷⁾ Belgium, Bulgaria, Croatia, Cyprus, Finland, Greece, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovenia, Spain.

⁽⁵⁸⁾ Austria, Bulgaria, Denmark, Finland, France, Greece, Ireland, Italy; Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

⁽⁵⁹⁾ Belgium, Croatia, Cyprus, Estonia, Latvia and Luxembourg.

Financing Agreement. No reservation is issued for this specific case, as the respective financial amount of the concerned contract (approx. EUR 10,565) is below the de minimis threshold of EUR 5 million.

In addition, two individual cases of conflict of interests were identified by DG ECFIN's audits on milestones and targets included in the first and second payment requests. These cases resulted in a reservation in DG ECFIN's AAR 2024, as the level of risk was considered high due to the absence of corrective action by Czechia and the fact that the Commission had not yet launched corrective actions. Since then, the Commission has initiated the recovery procedure, starting with the contradictory procedure with the Member State, which reduces the level of risk to medium according to the risk level methodology described in annex 5. The reply submitted by Czechia in the context of this contradictory procedure is currently under assessment. At this stage, the reservation is maintained on the grounds that the AOD has not sufficient assurance that corrective actions have been effectively implemented and adequately mitigate the risk. (See Annex 9 for further details). The estimated amount at risk for these two cases amounts to EUR 16.85 million ⁽⁶⁰⁾.

⁽⁶⁰⁾ Amount calculated on the basis of the foreign rate applicable in May 2026 (source: InforEuro)

4.3. Conclusions on the assurance

This section reviews the assessment of the elements already described and reported above (on the control results in section 4.2 and on the conclusions drawn regarding levels of risk in section 4.2.2.j) above). It draws an overall conclusion to support the declaration of assurance regarding the RRF implementation and whether it should be qualified with reservations. DG ECFIN bases its conclusion on all controls conducted and information available to it with a cut-off date as of 28 May 2026.

In summary, regarding the RRF, DG ECFIN has reasonable assurance on:

- the legality and regularity of the payments made in 2025 for the RRF, based on the positive assessment of the evidence of the satisfactory fulfilment of the milestones and targets provided in the payment requests, on ex-post audit work on the milestones and targets, and also considering the outcomes of the audit work carried out by the ECA in the context of its Statement of Assurance 2025 as described in section 4.2.2.h) above (clearing letters received and replies sent to ECA by the date of signature of this report);
- notably for public procurement and State Aid, the respect of the obligation of Member States laid down in Article 22 (2) (a) of the RRF Regulation to regularly check that the financing provided in the context of the underlying transactions has been properly used in accordance with all applicable rules, including the effectiveness of these checks, and that any measure for the implementation of reforms and investment projects under the RRF has been properly implemented in accordance with all applicable rules in particular regarding the prevention, detection and correction of fraud, corruption and conflicts of interests; and
- the implementation of Article 22 (5) of the RRF Regulation on the proportionate reduction of the support under the RRF and recovery of any amount due to the Union budget or the request for early repayment of the loan, in cases of fraud, corruption, and conflicts of interests affecting the financial interests of the Union that have not been corrected by the Member State, or a serious breach of an obligation resulting from the agreements referred to in Article 15 (2) and 23 (1) of the RRF Regulation.

However, a financial reservation is maintained from DG ECFIN's 2024 AAR for the two conflict-of-interest cases identified in Czechia, on the grounds that the AOD has not sufficient assurance that corrective actions have been effectively implemented and adequately mitigate the risk. The financial amount at risk for the two cases amounts to EUR 16.85 million, representing 0.04% of total RRF grant payments in 2025. While another conflict-of-interest case was also identified in Czechia, no reservation is issued, as the financial amount concerned is below the de minimis threshold of EUR 5 million.

Furthermore, a financial reservation is introduced concerning the satisfactory fulfilment of two targets (B8G and B10G) impacting the legality and regularity of the third RRF payment to Poland, which was disbursed on 1 December 2025; at the time of the signature of this AAR, the Commission is not in a position to finalise its views on the satisfactory fulfilment of both targets. The estimated financial amount at risk for the two concerned targets amounts to EUR 326.10

million, representing 0.72% of total RRF grant payments in 2025. More details on the reservations are provided in Annex 9.