

# Annual Activity Report 2025

annexes

Directorate-General for  
Communications Networks, Content and  
Technology

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

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

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

*Brussels. 31 March 2026.*

*Electronically signed*

*Anne MONTAGNON*

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

## ANNEX 2: Performance tables

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

**Specific Objective 1.1: Strengthening digital and frontier technologies for Europe's strategic autonomy**

*Related to spending programme(s): Horizon Europe, Digital Europe, Connecting Europe Facility – Digital*

**Result indicator 1.1.1** Percentage of enterprises using at least one artificial intelligence technology.

**Explanation:** Enterprises using any AI technology

**Source of data:** Eurostat, table isoc\_eb\_ai

This result indicator is selected as a KPI

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
8%	59%	71%	19.9%

**Result indicator 1.1.2** Number of operational quantum computers or quantum simulators, including accelerators of High-Performance Computing supercomputers, deployed and accessible to the user communities

**Explanation:** Number of operational quantum computers or quantum simulators, including accelerators of High-Performance Computing supercomputers, deployed and accessible to the user communities

**Source of data:** European Commission

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
0	6	8	2

**Result indicator 1.1.3** Value of production of electronic components, including microprocessors by EU companies

**Explanation:** Investment in electronic components and systems

**Source of data:** Financial reports and SIA (Semiconductor Industry Association)

Baseline (2023)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
EUR 51 billion <sup>(2)</sup>	None	EUR 90 Billion	EUR 51 Billion

**Main outputs in 2025:**

**New policy initiatives**

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
AI Continent action plan (non-legislative)	Adoption by the Commission	Q1 2025	COM(2025)165-09/04/2025 Slight delay to accommodate Commission agenda

<sup>(2)</sup> The baseline has been updated following more accurate results presented by a study - Semiconductors Market Data by Feature Size, Sector and Region (CNECT/2022/MVP/0084).

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Quantum strategy of the EU (non-legislative)	Adoption by the Commission	Q2 2025	COM(2025)363–02/07/2025 Slight delay to accommodate Commission agenda
Apply AI strategy	Adoption by the Commission	Q3 2025	COM(2025)723–08/10/2025 Slight delay to accommodate Commission agenda
Automotive action plan	Adoption by the Commission	Q1 2025	COM(2025) 95 final – 05/03/2025

### Evaluations and fitness checks (part of the stress testing EU acquis)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Evaluation of the Chips Act	Launch of the public consultation on the evaluation	Q4 2025	The public consultation was launched on 05/09/2025 <sup>(3)</sup> .

### Major public consultations

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Public consultation on Apply AI	Closure of the public consultation	Q2 2025	The consultation was open from 09/04/2025 to 04/06/2025 <sup>(4)</sup>
Public consultation on the evaluation of the Chips Act	Launch of the public consultation	Q4 2025	The public consultation was launched on 05/09/2025 <sup>(5)</sup>

### Major implementation activities and enforcement actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Implementation Dialogue on data policy	Launch of Dialogue	Q3 2025	High-level meeting held on 1 July with the EVP and stakeholders
Selection of the large-scale pilot to set up telco-edge-cloud, end-to-end integrated infrastructures and platforms	Selection of the project (under Horizon Europe)	Q4 2025	The project was selected in Q4 2025
Selection of the first projects under the Open Internet Stack	Selection of the projects (under Horizon Europe)	Q4 2025	Project selected in Q4 2025

<sup>(3)</sup> [Commission launches public consultation and call for evidence on the evaluation and review of the Chips Act | Shaping Europe's digital future.](#)

<sup>(4)</sup> [Have your say: EU's Apply AI Strategy open for public consultation | European Digital Innovation Hubs Network](#)

<sup>(5)</sup> [Commission launches public consultation and call for evidence on the evaluation and review of the Chips Act | Shaping Europe's digital future.](#)

Other major outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2025)
AI factories	Start of operations of the 13 AI factories selected in December 2024	Q2/Q3 2025 (AIFs services)	11 AI factories were selected. The remaining 2 to reach 13 are pending the signature of the Hosting Agreements. The factories started offering services in 2025.
AI factories	Selection of the new AI factories	Q3 2025	19 AI Factories (6 selected in 03/2025 and 6 in 10/2025) & 13 AI Antennas have been selected (10/2025)
European connected and autonomous vehicle alliance	Establishment of the alliance	Q4 2025	The alliance was established in Q4 2025: 81 EU-headquartered entities accepted as members and participants
Inauguration of the first exascale supercomputer under the EuroHPC JU	Inauguration	Q3 2025	Jupiter – the first European exascale supercomputer – was inaugurated in September 2025
Apply AI strategy: structured dialogues for agriculture	Number of participants	> 200 participants	A structured dialogue on agri-food was held on 27/03/2025, with around 200 participants.
Apply AI strategy: structured dialogues for energy	Number of participants	> 200 participants	A structured dialogue on energy was held on 31/03/2025 with around 250 participants, complemented by a High-Level Event on Digitalisation and AI in the Energy Sector in November 2025.
Apply AI strategy: structured dialogues for automotive	Number of participants	> 200 participants	Structured dialogues on mobility, transport and automotive were held on 05/02/2025 and 11/04/2025, with around 400 and around 500 participants, respectively.
Apply AI strategy: structured dialogues for mobility	Number of participants	> 200 participants	Mobility aspects were addressed through the structured dialogues on mobility, transport and automotive held on 05/02/2025 and 11/04/2025, with around 400 and around 500 participants, respectively.
EU Energy saving reference framework	First set of deliverables	Q4 2025	The first set of deliverables was delivered in 2025, covering analyses, architecture specifications, interoperability profiles and pilot site deployment for the EU Energy Saving Reference Framework.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Fourth phase of Smart Networks and Services Joint Undertaking (JU) Horizon Europe projects on selected technologies and large-scale pilots	Selection of project	Q4 2025	Calls 4 and 5 were evaluated in Q4 2025. The grant agreement preparation negotiations are currently undergoing.
EU Code of Conduct for the sustainability of telecommunications networks	Publication	Q4 2025	The EU Code of Conduct for the sustainability of telecommunications networks was published on 28/01/2026 due to a small delay in the final inputs from stakeholders.
Fourth call for proposals Connecting Europe Facility – Digital (CEF – Digital) supporting Global Gateways, 5G large scale projects and quantum connectivity infrastructure	Selection of projects	Q4 2025	Selection decision was published 20/11/2025
European quantum communication infrastructure: cross border quantum communication infrastructure and optical ground stations	CEF-Digital call for proposals evaluated	Q4 2025	The call for proposals was evaluated (24/11/2025)
Quantum Chip pilot lines under the Chips Act	Selection of Quantum Chip pilot line projects	Q2 2025	The <a href="#">pilot line projects</a> were selected 04/2025

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

**Specific Objective 1.2: A true digital single market to advance Europe’s productivity and competitiveness**

*Related to spending programme(s): Horizon Europe, Digital Europe, Connecting Europe Facility – Digital*

**Result indicator 1.2.1** Impact of the data economy on EU GDP

**Explanation:** This indicator measures the contribution of the generation, collection, storage, processing, distribution, analysis elaboration, delivery, and exploitation of data enabled by digital technologies to EU GDP

**Source of data:** European data market monitoring tool <sup>(6)</sup>

**This result indicator is selected as a KPI**

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025)
4.4% of EU GDP	4.9% of EU GDP	5.41% of EU GDP	4.8% of EU GDP

**Result indicator 1.2.2** Cloud computing

**Explanation:** Cloud computing, measured as the percentage of enterprises using at least one intermediate or sophisticated cloud computing services

**Source of data:** Eurostat, Table ISOC\_CICCE\_USE: Cloud computing services

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025)
38% of enterprises	67% of enterprises	73% of enterprises	46.7% of enterprises

**Result indicator 1.2.3** Number of start-ups achieving Unicorn status

**Explanation:** calculated as the sum of unicorns referred to in Article 2, point (11)(a), of Decision (EU) 2022/2481 and those referred to in Article 2, point (11)(b), of that Decision

**Source of data:** Dealroom.co

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025)
263	Increasing trend	500	286

**Result indicator 1.2.4** Number of ICT Specialists

**Explanation:** Employed ICT specialists. Broad definition based on the ISCO-08 classification and including jobs like ICT service managers, ICT professionals, ICT technicians, ICT installers and servicers.

**Source of data:** Eurostat, tables ISOC\_SKS\_ITSP and ISOC\_SKS\_ITSPS: ICT specialists in employment.

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025)
10.7 million individuals	16 million individuals	18.6 million individuals	10.3 million individuals

<sup>(6)</sup> [The European Data Market study 2024-2026 | Shaping Europe’s digital future](#)

**Result indicator 1.2.5** Gigabit connectivity.**Explanation:** measured as the percentage of households covered by fixed Very High-Capacity Networks (VHCN).**Source of data:** Broadband Coverage in Europe 2024 Final report.

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025)
78.8%	99.1%	99.8%	82.5%

**Main outputs in 2025:****New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Digital Networks Act (legislative, incl. impact assessment, Article 114 TFEU)	Adoption by the Commission	Q4 2025	Positive Opinion of the RSB 12/2025. Due to delays in the finalisation of the impact assessment and the draft proposal, the Commission decided to delay the adoption to 21/1/2026 COM(2026)16 final, SWD(2026)13 final
Digital package (legislative, including impact assessment)	Adoption by the Commission	Q4 2025	Package adopted on 19/11/2025. SWD(2025) 837 final, COM(2025)837 final, COM(2025)836 final, COM(2025)835 final.
European Business Wallet (legislative, incl. impact assessment, Article 114 TFEU)	Adoption by the Commission	Q4 2025	The Commission adopted on 19 November 2025 a proposal for a Regulation establishing European Business Wallets COM(2025) 838 From 15 May to 12 June 2025, CONNECT had conducted a public consultation.
Cloud and AI Development Act	Adoption by the Commission	Q4 2025	Adoption pushed to Q2 2026 to ensure a proper stakeholder engagement.
Single EU-wide cloud policy for public administrations and public procurement	Adoption by the Commission	Q4 2025	Adoption pushed to Q2 2026 to ensure a proper stakeholder engagement.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Data Union strategy	Adoption by the Commission	Q3 2025	The Data Union Strategy was adopted on 19/11/2025 COM(2025)835 final  The delay was due to the alignment of adoption timelines, ensuring that the strategic goals of the Data Union are fully integrated with the simplification measures proposed in the digital omnibus package.

### Evaluations and fitness checks (part of the stress testing EU acquis)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Fitness check on the legislative acquis in the digital policy area	Launch of a consultation on a broader fitness check	Q4 2025	Combined call for evidence and public consultation launched on 19/11/2025
Evaluation of the European Electronic Communications Code	Adoption by the Commission, as part of the Digital Networks Act package	Q4 2025	Report from the Commission to the European Parliament and the Council adopted on 21/1/2026 COM(2026)35 final. The slight delay was in line with the adoption together with the DNA.
Interim evaluation of Creative Europe	Adoption by the Commission	Q3 2025	Adoption took place on 17/12/2025. The adoption was less time-sensitive than MFF related files, which were adopted in Q3. The results of the evaluation had already been reflected in the impact assessment for the AgoraEU proposal and were presented to Council and EP in Q3.

### Major public consultations

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Public consultation on the Cloud and AI Development Act	Closure of the public consultation	Q3 2025	The consultation was published on 09/04/2025 and closed on 03/07/2025 in the " <a href="#">have your say</a> " portal

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Consultation to gather input from businesses, researchers, and other stakeholder for the Data Union strategy	Closure of the public consultation	Q3 2025	The consultation gathered 171 mainly EU-based responses, predominantly from businesses and public bodies. Most already use AI and exchange data, but face data scarcity, legal uncertainty, and high administrative burden. Stakeholders broadly support simplifying and consolidating EU data laws, improving guidance, enabling international data flows, and boosting data availability and skills.
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Deployment of common European energy data space (INSIEME)	Launch of project	Q1 2025	The INSIEME project was launched in 2025 and delivered its first core deliverables by end-2025, including the project management plan, dissemination and communication plan, data management plan, and analytical reports on existing energy data space initiatives and ecosystem connections.
Deployment of common European mobility data space (EMDS)	First set of deliverables	Q4 2025	The first set of EMDS deliverables was delivered in 2025, including reports on existing regulatory frameworks and governance mechanisms, technical specifications and annexes, and an interim evaluation report.
Deployment of common European agriculture data space (CEADS)	Launch of project	Q2 2025	The CEADS was launched on 01/04/2025 and delivered its first core outputs, including documentation of building blocks and technologies, requirements and use-case implementation plans, risk mitigation and data management plans, and dissemination and exploitation activities.
Adoption of Creative Europe – media work programme 2026	Adoption by the Commission	Q3 2025	The Creative Europe – Media work programme 2026 was adopted on 24/09/2025 – C(2025) 6405

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Calls for proposals under the Creative Europe - MEDIA work programme 2025	Launch of the calls	Q4 2025	The calls were published on different dates in Q4; 7 calls published on 30/09/2025 4 calls published on 21/10/2025 5 calls published on 04/12/2025 1 call published on 09/12/2025
Proposal for successor to Creative Europe Programme for post-2027 Multiannual Financial Framework	Adoption by the Commission	Q2 2025	The successor of the Creative Europe Programme is the new AgoraEU proposal, which will bring together the EC financing intervention on culture, audiovisual and media, and civil society policies. The proposal was endorsed on 16/07/2025 as part of the entire MFF package, which explains the small delay [COM(2025)550 final]
Assessment of the effects of the Commission Recommendation on fighting piracy of live content	Adoption	Q4 2025	The assessment of the Commission Recommendation on combating piracy of sports and other live events was published on 20/11/2025 – SWD(2025)384 final.
Calls for advanced digital skills academies	Launch of calls	Q1 2025 (GenAI, virtual worlds, quantum)	The call was published on 15/04/2025, with a slight delay due to the late adoption of the DEP Work Programme. The call was closed on 2 October and evaluations were held in November. Information to selected projects is due at the beginning of 2026.
European Media Industry Outlook	Adoption of Staff Working Document	Q2 2025	The <a href="#">European Media Industry Outlook</a> was published on 04/09/2025. Delayed to align the publication with the meeting between the media industry and Executive Vice-President Virkkunen
Association of Switzerland to the Digital Europe Programme	Finalisation of the association process	Q4 2025	Switzerland-EU programmes agreement was signed on 10/11/2025 (including association to Digital Europe). This part of the Switzerland-EU package is provisionally applied with retroactive effect from 1 January 2025.

**General objective 2:** A New era for European Defence and Security

**Specific Objective 2.1:** Enhancing cybersecurity and defending Europe's digital infrastructure

*Related to spending programme(s): Horizon Europe, Digital Europe, Connecting Europe Facility – Digital*

**Result indicator 2.1.1** Number of cybersecurity infrastructures, services and/or tools (projects) supported with DEP funding.

**Explanation:** The indicator measures the number of cybersecurity infrastructures, services and/or tools (projects) supported with DEP funding

**Source of data:** ECCC Report

**This result indicator is selected as a KPI**

Baseline (2025)	Interim milestone (2027)	Target (2029)	Latest known results (2026)
38	250	350	281

**Main outputs in 2025:**

**New policy initiatives**

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Cable security action plan	Adoption by the Commission	Q1 2025	Adopted on 21/02/2025 – JOIN(2025) 9 final.
EU Cybersecurity in Hospital action plan	Adoption by the Commission	Q1 2025	Adopted on 15/01/2025 – COM(2025) 10 final
Revision of the Cybersecurity Act, and associated evaluation	Adoption by the Commission	Q4 2025	Adopted on 20/01/2026. COM(2026) 11 - The delay was due to conflict of agenda in the Commission meeting.
Proposal for a Council Recommendation on an EU blueprint for cyber crisis management	Adoption by the Commission	Q2 2025	Commission proposal adopted on 24/02/2025 [COM(2025) 66 final]. Council Recommendation adopted on 06/06/2025 [C/2025/3445]

**Initiatives linked to regulatory simplification and burden reduction**

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Simplification of the cybersecurity legislation (simplification of incident reporting obligations)	Adoption by the Commission	Q4 2025	As part of the digital omnibus proposal adopted on 19/11/2025 [COM(2025)837 final]

**Major public consultations**

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Consultation on the revision of the Cybersecurity act	Conclusion of the consultation	Q3 2025	The consultation was open from 11/04/2025 until 20/06/2025 in the <a href="#">"have your say"</a> portal.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Cybersecurity of Hospitals and Healthcare providers	Conclusion of the consultation	Q2 2025	The consultation was made available from 07/04/2025 to 14/07/2025 as EU survey
<b>Major implementation activities and enforcement actions</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Annual Progress Report on Implementation and Enforcement	Adoption	Q4 2025	The report was completed on 30/09/2025 and published on 21/10/2025
Recommendations further refining of the Action plan on the cybersecurity of hospitals and healthcare providers (non legislative)	Adoption by the Commission	Q4 2025	The recommendations will take into account and build on relevant legislative initiatives, including the proposal for the digital omnibus, proposal for the Cybersecurity Act revision and the proposal for revision of the Medical Devices Regulations, which were adopted between November and January. In light of these initiatives, it is more opportune to present the recommendations in 2026.
Implementing Act on technical descriptions of important and critical products on the basis of the Cyber Resilience Act	Adoption by the Commission	Q4 2025	The implementing act was approved on 28/11/2025 – Commission implementing regulation (EU) 2025/2392
Delegated Act specifying the terms and conditions for applying the cybersecurity-related grounds in relation to delaying the dissemination of notifications in the Cyber Resilient Act single reporting platform	Adoption by the Commission	Q4 2025	The act was adopted on 11/12/2025 – C(2025)8407
<b>Implementation dialogues, Annual Progress Report(s) and reality checks</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/20242025)</b>
Cybersecurity policy implementation dialogue	Launch of Dialogue	Q3 2025	The implementation dialogue was held on 15/09/2025

Other major outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Submarine cables infrastructure expert group delivers mapping, risk assessments, cable security toolbox, and cable project of European interest list	Submission of the report to the Commission.	Q4 2025	The mapping, risk assessment and stress-test guidance was adopted on 06/10/2025. The cable security toolbox and cable project of European interest list were published on 05/02/2026. The delay was due to extended discussions with Member States.
Multistakeholder forum to establish guidelines and good practices for the uptake of internet standards in the digital infrastructure sector	Launch of the forum	Q3 2025	The publication of the open call for participation in November 2025, followed by the invitation to participants for the kick-off meeting in January 2026 marked the launch of the Multi-Stakeholder Forum on Internet Standards Deployment. The delay was due to an extended awareness raising and feedback collection amongst and from stakeholders.
Member States coordinated roadmap for the transition to post quantum cryptography (first version)	Publication	Q2 2025	The <a href="#">roadmap for the transition to post-quantum cryptography</a> was published on 11/06/2025
Launching of the EU Cybersecurity Reserve (in cooperation with ENISA)	Launch of the action	Q3 2025	The procurement for the EU Cybersecurity Reserve was finalised for Member States and EUIBAs. The call for tenders for Digital Europe associated non-EU countries closed on 09/02/2026.
ICT supply chain security toolbox and coordinated ICT supply chain risk assessments (connected and automated vehicles, detection equipment) under NIS2 Directive	Reports published with NIS Cooperation Group	Q4 2025	NIS Cooperation Group adopted the risk assessment on detection equipment. The ICT supply chain security toolbox and the risk assessment on connected and automated vehicles were adopted by 30/01/2026. All documents will be published on 12/02/2026. The delay was due to a longer than expected discussion within the NIS Cooperation Group.
Launch of the Industry-Academia Network of the Cybersecurity Skills Academy	Launch of the Network	Q2 2025	Nine partnerships were achieved between industry and academia to address the cybersecurity skills gap in Europe. Launched officially on 18/06/2025.

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Expert Group on a Technology Roadmap for Encryption to deliver a technology roadmap on the challenges of encryption in the context of criminal investigations	Launch of the expert group	Q3 2025	The expert group was launched and registered as expert group on 27/06/2025.

**General objective 3:** Protecting our democracy, upholding our values

**Specific Objective 3.1:** Strengthening social resilience and promoting diverse cultural content to protect Europe's values and democracy.

*Related to spending programme(s): Horizon Europe, Creative Europe - Media*

**Result indicator 3.1.1** Number of people accessing European audiovisual works from countries other than their own supported by Creative Europe MEDIA.

**Explanation:** Number of people accessing European audiovisual works from countries other than their own supported by Creative Europe MEDIA

**Source of data:** Creative Europe MEDIA

**This result indicator is selected as a KPI**

Baseline (2022)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
17 million	Increasing trend	20 million	18 million.

**Result indicator 3.1.2** Promote a free and pluralistic media environment: number of countries under high risk for market plurality as per the Media Pluralism Monitor.

**Explanation:** Number of countries under high risk for market plurality as per the Media Pluralism Monitor

**Source of data:** Media Pluralism Monitor

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
14 countries	Decreasing trend	<10 countries	13 countries

**Result indicator 3.1.1** Impact of measures tackling online disinformation, including the implementation of the Code of Practice

**Explanation:** Impact of measures tackling online disinformation, including the implementation of the Code of Practice

**Source of data:** CONNECT

<b>Baseline</b> (2024)	<b>Interim milestone</b> (2027)	<b>Target</b> (2029)	<b>Latest known results</b> (2025)
14 EDMO hubs cover all 27 Member States	None	Presence of national/regional hubs covering at least 3 EU neighbouring countries associated to EU programmes	EDMO hubs cover all 27 EU Member States, as well as 3 EU neighbouring countries: Norway (NORDIS), Moldova, and Ukraine (F.A.C.T.)

**Main outputs in 2025:**

**Evaluations and fitness checks (part of the stress testing EU acquis)**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Interim evaluation of Creative Europe	Adoption of Commission Communication	Q3 2025	The evaluation was completed and included in the report “A Decade of Creative Europe” SWD(2025)418 final published on 17/12/2025. The evaluation was less time-sensitive than MFF related files which were adopted in Q3. The results of the evaluation had already been reflected in the impact assessment for the AgoraEU proposal and presented to the Council and the EP in Q3.

**Major public consultations**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Targeted consultations for the action plan against cyberbullying	Closure of the targeted consultations	Q3 2025	The Commission carried out several <a href="#">consultations</a> between November 2024 and October 2025

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Public consultation for the action plan against cyberbullying	Closure of the public consultations	Q3 2025	The <a href="#">public consultation</a> was open on 22/07/2025 and closed on 29/09/2025
<b>Major implementation activities and enforcement actions</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
Report on Member States readiness to implement the European Media Freedom Act	Adoption of the interim report	Q2 2025	A letter of formal notice was sent to Hungary, and detailed written exchange on implementation was lunched with 24 other Member States
Guidelines on Article 18 of the European Media Freedom Act	Adoption of the guidelines	Q4 2025	Stakeholders were consulted in summer. Adoption planned for early 2026. The delay is due to a bottleneck in translation.
Evaluation of the Audio Visual Media Service Directive	Study contract signed	Q2 2025	The external study contract was signed in July 2025.
<b>Other major outputs</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2025)</b>
EU age verification app - mini wallet	Release of the app	Q2 2025	The <a href="#">First release: was on 14/07/2025</a> - The date of release was linked to the “mid of July protection of minors package, together with the DSA Protection of minors guidelines” <a href="#">Second release: 10/10/2025</a>
Multimedia Actions financing decision	Adoption by the Commission	Q1 2025	The financing decision was published on 20/03/2025 – C(2025)1650 final
Multimedia calls for proposals	Launch of the calls	Q1 2025	All calls for proposal under the financing decision were launched.

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

[https://dashboard.tech.ec.europa.eu/qs\\_digit\\_dashboard\\_mt/public/extensions/BUDG\\_Annex3/BUDG\\_Annex3.html](https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex3/BUDG_Annex3.html)

## **ANNEX 4: Financial scorecard**

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

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.

# ANNEX 5: Materiality criteria

This Annex provides a detailed explanation on how the Authorising Officer by Delegation defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his/her declaration.

## **Introduction**

Deciding on whether a weakness is significant is a **matter of judgement** by the Authorising Officer by Delegation, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he/she should **identify the overall impact of a weakness** and **judge whether it is material** enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets when designing the internal control system under his/her responsibility. For CONNECT, the materiality of residual weaknesses identified (i.e. after mitigating and corrective measures) is assessed based on qualitative and/or quantitative criteria, in line with the instructions for the preparation of the Annual Activity Report.

The **qualitative assessment** includes an analysis of the causes and the types of error (including whether they are repetitive) to conclude on the nature, context and/or scope of the weaknesses identified. This may refer to significant control system weaknesses or critical issues reported by the Directors, the Authorising Officers by Sub-Delegation, the European Court of Auditors (ECA), the Internal Audit Service (IAS), DG Budget or the European Anti-Fraud Office. Also, the duration and any mitigating controls or corrective actions are taken into consideration.

The **quantitative assessment** aims at estimating any financial impact ('amount at risk') resulting from the errors detected. CONNECT has set the materiality level for each distinct research framework programme with coherent risk characteristics for the amount at risk over the programming period. This analysis and the conclusions are presented concisely in the body of the Annual Activity Report.

## **Chapter A – Qualitative criteria for defining significant weaknesses**

For all methods of implementation under its operational budget, the different parameters relevant in CONNECT for determining significant weaknesses are the following ones:

- **Significant control system weaknesses**

Control system weaknesses (whether this is in a system operated by the Commission or by a third party) may be identified by management itself (for example through ex post audits or through the assessment of the effectiveness of internal control systems), by internal or external auditors or by third party control instances. They may relate to the design or operational effectiveness of a control or of an entire system.

- **Critical issues outlined by the European Court of Auditors, the Internal Audit Service, DG Budget and the European Anti-Fraud Office**

Any critical recommendations made by the European Court of Auditors, the Internal Audit Service, DG Budget or the European Anti-Fraud Office, which have not been effectively addressed should be assessed in terms of their significance. Here, the term 'critical recommendation' is used in a wider sense; it includes those recommendations labelled by the auditor as 'critical' as well as those not labelled at all which is assessed as having a critical impact on the assurance. The impact on assurance of recommendations labelled 'very important' for which there is a significant delay in the implementation of the Action Plan will also be taken into account.

- **Significant reputational events**

Events or weaknesses which have a significant reputational impact on CONNECT, or indirectly on the Commission, will be reported irrespective of the amount of damage to CONNECT administrative and operational budget and will be considered for issuing a reservation on a reputational basis.

When assessing the significance of any weaknesses, the following factors are considered:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness)
- the existence of effective corrective actions to correct the weaknesses (Action Plans and financial corrections) which have had a measurable impact.

When significant weaknesses are identified, a quantification of the amount at risk should be carried out when possible (see Chapter B).

### ***Chapter B – Quantitative criteria for defining reservations***

CONNECT's expenditure is composed of indirectly managed grants, directly managed grants, financial instruments, contribution to administrative expenditure of executive agencies and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure.

Considering the fact that the research framework programmes' implementing bodies<sup>(7)</sup> are sharing a common ex post audit approach, and an important part of CONNECT's yearly expenditure is related to indirectly or directly managed research grants, the following section focusses on this specific management system.

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<sup>(7)</sup> Directorates General, executive agencies and Joint Undertakings (also called Article 187 bodies) implementing grants of the Research Framework Programmes.

## RESEARCH FRAMEWORK PROGRAMMES – COMMON ASPECTS

The assessment of the effectiveness of the different programmes' control system is based mainly, but not exclusively, on ex post audits' results. The effectiveness is expressed in terms of detected and residual error rate, calculated on a representative sample on a multi-annual basis.

### *Assessment of the effectiveness of controls*

The starting point to determine the effectiveness of the controls in place is the cumulative level of error expressed as the percentage of errors in favour of the EC budget, detected by ex post controls, measured with respect to the amounts accepted after ex ante controls.

However, to take into account the impact of the ex post controls, this error level is adjusted by subtracting:

- Errors detected and corrected as a result of the implementation of audit conclusions.
- Errors corrected as a result of the extension of audit results to non-audited contracts with the same beneficiary.

This results in a residual error rate —used for Horizon 2020 and Horizon Europe—which is calculated as follows:

$$\text{ResER}\% = \frac{(\text{RepER}\% * (P - A)) - (\text{RepERsys}\% * E)}{P}$$

where:

**ResER%** residual error rate, expressed as a percentage.

**RepER%** representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systemic and non-systemic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.

**RepERsys%** portion of the RepER% representing negative systemic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%

**P** total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).

**A** total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.

**E** total non-audited requested EC contribution (€) of all audited beneficiaries.

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each Framework Programme (FP) as a whole. Nevertheless, the Director-General must also take into account other information

when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of Horizon 2020/Horizon Europe. This information may include the results of other ex post controls, ex-ante controls, risk assessments, audit reports from external or internal auditors, among others. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the CRS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made.

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies<sup>(8)</sup>, the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

### *Multiannual approach*

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the Activity Based Budgeting (ABB) expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g., programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections, and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

Because of its multiannual nature, the effectiveness of the Research and Innovation family services' control strategy can only be fully measured and assessed at the final stages in the life of the framework programme, once the ex-post audit strategy has been fully implemented and systemic errors have been detected and corrected.

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g., during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost claims that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signature of the contract.

Notwithstanding the multiannual span of their control strategy, the Directors-General (and the Directors of the Executive Agencies and Joint Undertakings) implementing Research and Innovation Framework Programmes are required to sign a statement of assurance for each financial reporting year. To determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is

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<sup>(8)</sup> Such as, for instance, when the number of results from a statistically representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

possible to reasonably conclude that the control objectives will be met in the future as foreseen.

In view of the crucial role of ex-post audits defined in the respective common audit strategies, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and thus, on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

### *Adequacy of the audit scope*

The quantity of the (cumulative) audit effort carried out until the end of each year is measured by the actual volume of audits completed. The data is to be shown per year and cumulated, in line with the current AAR presentation of error rates. The multiannual planning and results should be reported in sufficient detail to allow the reader to form an opinion on whether the strategy is on course as foreseen.

The Director-General should form a qualitative opinion to determine whether deviations from the multiannual plan are of such significance that they seriously endanger the achievement of the internal control objective. In such a case, they would be expected to qualify their annual statement of assurance with a reservation.

## RESEARCH FRAMEWORK PROGRAMMES – SPECIFIC ASPECTS

The control system of each framework programme is designed to achieve the operational and financial control objectives set in their respective legislative base and legal framework. If the effectiveness of those control systems does not reach the expected level, a reservation must be issued in the annual activity report and corrective measures should be taken.

As each programme has a different control system, the following section details the considerations leading to the establishment of their respective materiality threshold and the conclusions to draw regarding the declaration of assurance.

### *Horizon 2020 Framework Programme*

The control system established for Horizon 2020 is designed to achieve a control result in a range of 2-5% detected error rate, which should be as close as possible to 2%, after corrections. Consequently, this range has been considered in the legislation as the control objective set for the framework programme.

This is based on the provisions of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme <sup>(9)</sup> which state:

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<sup>(9)</sup> COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020)

'It remains the ultimate objective of the Commission to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, other objectives such as the attractiveness and the success of the EU research policy, international competitiveness, scientific excellence and in particular, the costs of controls need to be considered.

Taking these elements in balance, it is proposed that the Directorates General charged with the implementation of the research and innovation budget will establish a cost-effective internal control system that will give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5%, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

Horizon 2020 introduces a significant number of important simplification measures that will lower the error rate in all the categories of error. However, [...] the continuation of a funding model based on the reimbursement of actual costs is the favoured option. A systematic resort to output-based funding, flat rates or lump sums appears premature at this stage [...]. Retaining a system based on the reimbursement of actual costs does however mean that errors will continue to occur.

An analysis of errors identified during audits of the Seventh Framework Programme (FP7) suggests that around 25-35 % of them would be avoided by the simplification measures proposed. The error rate can then be expected to fall by 1.5 %, i.e. from close to 5 % to around 3.5 %, a figure that is referred to in the Commission Communication striking the right balance between the administrative costs of control and the risk of error.

The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %'.

### *Horizon Europe Framework Programme*

For the Horizon Europe Framework Programme <sup>(10)</sup>, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the annual activity report if the cumulative residual error rate is above the 2% materiality threshold.

### *Digital Europe Programme*

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<sup>(10)</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

For Digital Europe the general control objective is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2%.

HaDEA implements the audit strategy for the grant part of the whole Digital Europe programme, serving all granting authorities of the programme <sup>(11)</sup>. The audit strategy for Digital Europe was drafted in consultation with the Digital Europe stakeholders and adopted on 5 July 2024.

The population of the programme is determined by the costs declared and paid to the beneficiaries or affiliated entities through financial statements which are the basis for the calculation of the EU contribution. The harmonised System for Grant Management (SyGMa) is the data source for the audit population and audit selection is performed via Selection Module SELMOD (AUDEX).

### Error rate calculation

#### *Detected error rates*

The interval sample delivers the Detected Error Rate (DER) per programme.

Calculation of the detected error rate<sup>(12)</sup>:

$$\text{DER (\%)} = \frac{\text{Amount of detected errors (EC share of)}}{\text{Sampled amount (EC share of)}}$$

**The amount of detected errors** corresponds to the amount of ineligible expenditure that results in a financial adjustment. It is equal to: [the EC-share of] the costs claimed as initially accepted, after the ex-ante controls (on the basis of which the audited payment was made), minus, [the EC-share of] the costs claimed as finally accepted, after the ex-post control (audit).

The sampled amount must be used as a denominator to calculate the detected error rate <sup>(13)</sup>.

In the performance of an audit, the sampling applied is to ascertain the risk of a material error in the financial statement of a beneficiary. For cost-efficiency reasons, it might be lower than the cost accepted by the Agency.

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<sup>(11)</sup> In accordance with Annex I of the Delegation act to HaDEA, Commission Decision C(2021)948 final – 12/02/2021.

<sup>(12)</sup> AAR standing instructions, additional guidance on the calculation of error rates, the financial exposure as amount at risk, the materiality for a potential reservation and the impact on the AOD's declaration (2022 version).

<sup>(13)</sup> The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that for Horizon 2020 the Commission's methodology for calculating the Error Rate leads to an understatement of the Error Rate the extent of which cannot be quantified. As a result of further related guidance received by the central services for the AAR 2019, the predecessor's entities have adapted their methodology for the calculation of the Error Rate in line with the Court's observations. Previously, the detected Error Rate was calculated by considering the full value of an audited financial statement in the denominator. Therefore, the Detected Error Rate calculation is based on the sampled EU contribution as the denominator for a more conservative approach.

### *Residual error rate*

Given that usually only a sample of the programme's payments made is subject to ex-post audits, not all payments can be fully cleared from errors. In reality, the larger part of payments remains un-audited and thus un-corrected; hence probably still affected by errors of the magnitude of the detected error rate.

The estimated **Residual Error per programme** is calculated as follows:

**Residual Error = Uncorrected Errors + (Total EU Contribution – Total Sampled Contribution) \* DER**

The Residual Error is then divided by Total EU Contribution to give the **Residual Error Rate (RER)** expressed as a percentage as follows:

The RER represents the estimated error rate that remains in the population after audit corrections are implemented.

### *Multi-annual Residual Error Rate*

Residual Error Rates are calculated on a multi-annual basis to reflect the multi-annual nature of the programme and projects.

Although not derived by statistical parameters that can be extrapolated to the unaudited payment population with statistical confidence, the detected error rate and the residual error rate from the ex-post audits are a key building block in the assurance building process.

### **OTHER PROGRAMMES**

For all other programmes (i.e. Creative Europe – Media, Pilot Projects and Preparatory Actions) implemented by CONNECT the general objective is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the programmes' management cycle.

### **DE MINIMIS THRESHOLD FOR FINANCIAL RESERVATION**

In 2019, a 'de minimis' threshold for financial reservations was introduced <sup>(14)</sup>. Quantified annual activity report reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a Department's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. Cases where the 'de minimis' threshold applies this year are reported in annex 9.

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<sup>(14)</sup> Agreement of the Corporate Management Board of 30/4/2019.

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

## RCS 1: Grants direct management

CONNECT uses one Relevant Control System for the management of grants (*Horizon 2020*, *Horizon Europe* and *Digital Europe*, *Creative Europe-Media* (legacy), *Creative Europe-Media*, Pilot Projects and Preparatory Actions) and different materiality criteria (see Annex 5).

The RCS for *Horizon Europe* is similar to that of *Horizon 2020*. The main improvements for *Horizon Europe* are the co-creation of the work programme by the Directors' Groups according to the work of the various instances, and the simplification introduced with the single daily rate for personnel costs and the rollout of simplified cost forms, in particular lump sum funding and unit costs for personnel costs.

The Control Strategy for *Horizon Europe* grant management has been adopted by the *Horizon Europe* Steering Board in November 2023. CONNECT's Control Strategy for *Digital Europe* was adopted in January 2021.

### 1. Ex ante controls

#### A - Preparation, adoption and publication of the Annual Work Programme and Calls for proposals

**Main control objectives:** Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy); due consideration of other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The work programme and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.	Hierarchical validation within the authorising department Inter-service consultation, including all relevant services.  Adoption by the Commission.	<b>Coverage / Frequency:</b> 100% / continuous.  <b>Depth:</b> All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying	<b>Effectiveness:</b> The work programmes are adopted by the Commission.  Success rates in terms of 'over-subscription': number of proposals retained for funding compared to number of eligible proposals received.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The work programmes are not consistent within the Research and Innovation family and with the multi-annual financial framework.</p> <p>The implementation of the programmes Horizon 2020, Horizon Europe and Digital Europe (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc.) is not consistent within the Research and Innovation family and/or with the multi-annual financial ' framework.</p> <p>The programme implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc.) has serious shortcomings.</p>	<p>Explicit allocation of responsibility. Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various instances and with the processes established in this decision.</p> <p>The Common Implementation Centre in in DG Research and Innovation provides all DGs involved in the implementation of Horizon Europe research with harmonised procedures, guidance and IT tools.</p> <p>Call coordination within CONNECT is centralised in order to foster a harmonised process.</p> <p>The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation.</p> <p>The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.</p> <p>CONNECT centralises the budget planning and the monitoring of the Digital Europe's budget implementation.</p>	<p>implementation tools are defined and developed according to common rules.</p> <p>Under Horizon Europe, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p><b>Qualitative Benefits:</b> A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds.</p> <p>Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme.</p>

## B - Selecting and awarding: Evaluation, ranking and selection of proposals.

**Main control objectives:** Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected; Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.</p> <p>Conflict of interest regarding the expert evaluators</p> <p>The expert-evaluators in lump sum calls do not have the appropriate, domain specific knowledge of the budgetary aspects. The lump sum as evaluated may be too low or too high for the project proposed.</p> <p>Ethics requirements are not identified.</p> <p>Gender balance aspects are not adequately taken into account.</p> <p>Security requirements are not identified.</p>	<p>Call coordination within CONNECT is centralised in order to foster a harmonised process.</p> <p>Selection and appointment of expert evaluators.</p> <p>Conflict of interest checks.</p> <p>Assessment by independent experts in HE; proposals for Digital Europe Programme are assessed by independent external experts or by Commission staff assisted by independent external experts. Independent observers are usually contracted to monitor the evaluation process on their compliance with procedures and fairness of the selection.</p> <p>Appropriate briefing of experts (videos also available), including on gender balance aspects and the evaluation of cost estimations in lump sum proposals (dedicated lump sum briefing, video tutorial). As regards lump sum proposals: detailed cost estimations must be submitted and are assessed by experts, including experts with budgetary and project management expertise, against objective benchmarks (e.g. personnel cost dashboard). Comprehensive IT system supporting the evaluation of proposals and allowing better monitoring of the process.</p> <p>Validation by the AOSD of ranked list of proposals. In addition, if applicable: Opinion of advisory bodies; comitology and adoption by the Commission; publication.</p> <p>Systematic checks on operational and legal aspects performed before signature of the Grant Agreement including ownership and control of legal entities,</p>	<p>100% vetting (including selecting) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion).</p> <p>100% of proposals are evaluated.</p> <p><b>Coverage:</b> 100% of ranked list of proposals. Supervision of work of evaluators.</p>	<p><b>Effectiveness:</b> Number of proposals evaluated</p> <p><b>Efficiency Indicators:</b> % of Time-To-Inform on time</p> <p>% of number of (successful) redress challenges upheld / total number of proposals evaluated.</p> <p><b>Qualitative benefits:</b> Expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions.</p> <p>This will have an impact on the whole project cycle: better planned, better implemented projects.</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<p>security guarantees checks, ethics and security review (if needed).</p> <p>Security guarantee checks are integrated into eligibility criteria for certain restricted calls. Besides checks by CNECT units managing grants, CNECT R5 centralises a harmonisation and control visa check for approval of each guarantee, ensuring harmonized approach at DG/Programme level.</p> <p>Initiatives taken to improve control efficiency include also CNECT leading the Interservice Group on Restricted calls which updated the public corporate guidance on restricted calls during 2025 in order to increase clarity, effectiveness and harmonization of controls related to the restricted calls criteria (Ownership and control and guarantees assessments). Redress procedure</p> <p>An ethics review is carried out systematically in all HE and DEP calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary.</p> <p>IT tools (eGDR, ex. CORDA reporting with dedicated guidance available) allowing extraction of data on gender balance in proposals.</p> <p>Security checks and screenings.</p>		

## C - Contracting

**Main control objectives:** Ensuring that the main and, as applicable, reserve list ranked projects for meeting the policy objectives are the proposals contracted; Sound Financial Management (optimal allocation of the budget available); Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p> <p>Ethics requirements are not adequately implemented.</p> <p>Security-related requirements are not adequately implemented.</p> <p>A potentially fraudulent participant remains undetected. Potential fraud and/or double funding and/or plagiarism of proposals remains undetected.</p> <p>Restrictions related to participation and high-risk suppliers are inadequately or not applied.</p> <p>Gender equality plan requirement is not fulfilled</p>	<p>Validation of beneficiaries (financial capacity checks on demand), except for mono-beneficiaries requesting &gt; EUR 500 000 (systematic checks on the financial capacity). Prefinancing guarantees may be requested in DIGITAL (no Mutual Insurance Mechanism in DIGITAL).</p> <p>Systematic checks on operational and legal aspects performed before signature of the GA. In case of combination of funding DEP /RRF – HE /RRF, care is taken to ensure that no more than 100% of the costs would be reimbursed</p> <p>Risk assessment and risk-based checks before the grant agreement signature and reinforced monitoring flagging if necessary.</p> <p>Ad hoc anti-fraud checks for riskier beneficiaries.</p> <p>Signature of the grant agreement by the AOSD. Financial verification where necessary.</p> <p>For programmes for which it is available, an ethics review is carried out (systematically in all HE calls), starting with an ethics pre-screening, which results in detailed screening or assessment if necessary; dedicated IT workflows for ethics aspects embedded in GAP.</p> <p>For restricted calls, ownership control assessments are performed by the central validation service with</p>	<p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p><b>Coverage:</b> 100% of draft grant agreements.</p> <p><b>Depth</b> will be differentiated following the conclusion of the risk assessment.</p> <p>Controls implemented when justified by the call/proposal content.</p>	<p><b>Effectiveness:</b> Number of grants signed</p> <p><b>Efficiency Indicators:</b> Average time to grant</p> <p>% of Time-to-grant on time</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<p>CONNECT's support in difficult cases. Guarantees assessment is performed by the European Commission (CONNECT) for quality (reply to specific criteria and member state approval), homogeneous implementation across the DG and implementing bodies.</p> <p>Ad hoc security checks and screenings; Security review is carried systematically in HE and Digital Europe calls, starting with pre-screening, which may result in detailed security scrutiny.</p> <p>Regarding plagiarism, automated detection of similar proposals in GAP (SIMBA).</p> <p>On high-risk suppliers, automated cross checks against third party data of participants in proposals.</p> <p>Systematic review of the existence of GEP where it is required for a beneficiary,</p>		

## D - Monitoring the implementation

**Main control objectives:** ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations, ensuring compliance of non-financial obligations.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (for examples</p>	<p>Kick-off meetings and 'launch events' involving the beneficiaries in order to avoid project management and reporting errors.</p> <p>Specialized webinars targeting reduction of errors.</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>Riskier operations subject to more in-depth controls.</p>	<p><b>Effectiveness:</b> Number of payments (interim and final).</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>deliverables, open access to results and publications).</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims and deliverables are irregular or fraudulent.</p> <p>Lack of harmonised approach within the family with the consequence of unequal treatment of the beneficiaries.</p> <p>Ethics requirements are not fulfilled.</p> <p>Security-related requirements are not fulfilled. Sensitive/classified information in deliverables might not be handled with the adequate security measures.</p> <p>Restrictions related to participation) are inadequately or not applied.</p> <p>There is a failure to detect that lump sum work packages are completed to a lower degree than declared.</p> <p>Gender equality plan requirement is not fulfilled.</p> <p>Potential fraud and/or double funding remains undetected.</p>	<p>As regards lump sums: Guidance on reporting for lump sum grants (notion of work package completion). Monitoring of technical project progress as in all other grants; special focus in PO assessment on work package completion. Ex-post technical review of lump sum grants for in-depth assessment of work package completion; partial or full recovery of payments if needed following an ex-post technical review.</p> <p>Specialized aid with web-based tools to inform most error-prone beneficiaries (i.e. SMEs which participate first time) about cost calculation practices.</p> <p>Effective external communication about guidance to the beneficiaries (e.g. Funding and Tender portal, info days for the calls).</p> <p>Anti-fraud awareness raising training for the project officers.</p> <p>IT Plagiarism detection tool for reporting and deliverables.</p> <p>Enhanced family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family).</p> <p>In case of combination of funding DEP /RRF – HE /RRF, care is taken to ensure that no more than 100% of the costs would be reimbursed</p> <p>Guidance in place on handling security-sensitive projects including in the implementation stage, as well as relating to sensitive/classified deliverables. Regarding OCA related restrictions, OCAs for new beneficiaries done before them joining the action, including reassessments in case of changes. MGA</p>	<p>The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum.</p> <p>High risk operations identified by risk criteria.</p> <p>Red flags: suspicions raised by staff, audit results, EDES, individual or 'population' risk assessment.</p> <p>Audit certificates required for any beneficiary claiming more than EUR 430 000 (HE) / EUR 325 000 (H 2020, DIGITAL) except lump sum grants.</p>	<p><b>Efficiency:</b> Time-to-pay: % of payments (in value) made on time Time-to pay: Average number days net/gross + suspension days</p> <p><b>Qualitative Benefits:</b> Projects are executed and produce benefits for the community.</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<p>obligation to inform and granting authority right to object to transfers and exclusive licensing of results which is activated in certain HE grants and all restricted grants in DEP.</p> <p>As regards GEP, systematic review of the existence of GEP where it is required for a new beneficiary. GEP compliance checks on a random sample of beneficiaries based on agreed upon criteria such as type of organisation.</p>		

**Overall economy for ex ante control**

			<p><b>Economy:</b></p> <p><u>a. Estimation of cost of staff involved in the ex-ante checks</u></p> <p>Programme management and monitoring</p> <p>Financial management</p> <p>Budget and accounting</p> <p>General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management</p> <p>Anti-fraud</p> <p>Development and support of IT systems linked to managing funding programmes</p> <p><u>b. Estimation of other costs linked to ex-ante checks</u></p>
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			<p>Cost of experts and costs of experts' management</p> <p>Costs of IT external contracts of CIC</p> <p>Details of the estimated cost of controls related to shared/pooled control activities carried out by REA and hosted by DG R&amp;I (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the annual activity reports of REA and R&amp;I.</p>
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## 2: Ex post controls

**Effectiveness, efficiency and qualitative benefits are detailed per stages A to D**

### A - Reviews, audits and monitoring

**Main control objectives:** Measuring the level of error in the population after ex ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation ex ante controls; identifying possible systemic weaknesses in the ex ante controls, or weaknesses in the rules.

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>How to determine coverage, frequency and depth</b>	<b>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</b>
<p><b>For H2020 and Horizon Europe</b></p> <p>The ex ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Lack of consistency in the audit strategy within the family, also as regards technical reviews in lump sum grants.</p>	<p>Common ex post control strategy centrally implemented by the Common Audit Service (CAS) part of the Common Implementation Centre (in DG R&amp;I) for H2020 and HE and by HaDEA for DIGITAL, and with ex post technical reviews performed by the implementing bodies.:</p> <ul style="list-style-type: none"> <li>• At intervals carry out audits of a representative sample of operations to measure the level of error in the population</li> </ul>	<ul style="list-style-type: none"> <li>• Common Representative audit Sample (CRS) for actual costs and lump sum strata: MUS sample across the programme to draw valid management conclusions on the error rate in the population. The population from which the samples are drawn will be divided in two strata, one for actual cost and one for lump sum grants</li> </ul>	<p>Effectiveness: Representative and residual error rate identified</p> <p>Number of audits/technical reviews finalised % of beneficiaries &amp; value coverage</p> <p>Audit direct coverage.</p> <p>Monitoring of audit burden and burden from technical reviews on beneficiaries.</p> <p>Efficiency: Percentage of implementation of audit plan also for technical reviews for HE</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
Lack of efficiency for absence of coordination: multiple audits/ technical reviews in lump sums on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side	<p>after ex ante controls have been performed;</p> <ul style="list-style-type: none"> <li>• Calculates the representative error rate for the R&amp;I programme</li> <li>• Additional sample to address specific risks;</li> <li>• When relevant, joint audits with the Court of Auditors</li> </ul> <p>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned. Validate audit/technical review results with beneficiary. In case of systemic error detected, extrapolation to all the projects run by the audited beneficiary.</p> <p>Specifically for lump sum grants, technical reviews will be carried out by the implementing service for in-depth assessment of work package completion. Error rate to be measured based on technical review results.</p>	<ul style="list-style-type: none"> <li>• Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise deterrent effect and prevention of fraud or serious error</li> </ul>	(to be brought as closely as possible to 100%)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)
<p><b>For Digital</b></p> <p>- The ex ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p>	<ul style="list-style-type: none"> <li>- HaDEA is implementing the common Ex post audit strategy for the Digital Europe Programme. The strategy is implemented through annual audit plans.</li> <li>- Carry out audits on a sample of operations to measure the level of error in the</li> </ul>	<ul style="list-style-type: none"> <li>- Coverage and frequency are determined according to a Ex post audit strategy for the Digital Europe Programme. A common sample is drawn</li> <li>- Risk-based sample, determined in accordance with the selected risk</li> </ul>	<p>Effectiveness: detected and residual error rates for the programme.</p> <p>Number of audits finalised</p> <p>Direct Audit coverage</p> <p>Efficiency: Percentage implementation of audit plan.</p> <p>Economy: cost per ex-post audit.</p>

<p>- Lack of consistency in the audit strategy within the family.</p> <p>-Lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side</p>	<p>population after ex-ante controls have been performed.</p> <p>- Calculate the error rate for the DEP programme</p> <p>-Validate audit results with the beneficiary.</p> <p>-In case of systemic error detected, extrapolation to all the projects run by the audited beneficiary.</p>	<p>criteria, aimed to maximise deterrent effect and prevention of fraud or serious error</p>	
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## B - Implementing results from ex-post audits/controls

**Main control objectives:** Ensuring that the (audit and extensions) results from the ex post controls lead to effective recoveries; Ensuring appropriate accounting of the recoveries made.

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>How to determine coverage, frequency and depth</b>	<b>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</b>
<p>The financial recommendations stemming from the ex post audit and/or from the ex-post technical review are not implemented. Cases of fraud detected are not addressed or not addressed in a timely manner</p>	<p>Systematic registration of audit / control results to be implemented and actual implementation. Validation of recovery in accordance with financial circuits. Authorisation by AOSD. Coordination at the level of the R&amp;I family/ DEP family: Fraud and Irregularities in Research (FAIR) committee. If needed:</p>	<p>Coverage: 100% of final audit results with a financial impact. Depth: All audit results are examined in-depth in making the final recoveries. Systemic errors are extended to all the non-audited projects of the same beneficiary (or closed within two years)</p>	<p>Effectiveness: Amounts being recovered and offset Efficiency: Number/value/% of audit results pending implementation, Number/value/% of audit results implemented</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<ul style="list-style-type: none"> <li>- Notification to OLAF and regular follow up of detected potential fraud.</li> <li>- Reinforced monitoring implemented on ongoing projects</li> </ul>		

### Overall economy for ex-post control

			<p>Economy: Estimation of cost of staff involved in the coordination and execution of the ex post audit strategy and in the implementation of audits and technical reviews Costs of the appointment of audit firms and missions.</p> <p>Costs of external experts and possible on-site visits for technical reviews.</p> <p>Details of the estimated cost related to shared/pooled control activities carried out by the REA and hosted by DG Research and Innovation (DG R&amp;I) (Common Implementation Centre, including the Common Audit Service; Common Policy Centre) for the Research and Innovation family are reported in the annual activity reports of REA and DG R&amp;I. Similarly, for Digital Europe, HaDEA is carrying out the ex post audits for the programme's implementing bodies, hence the cost of ex post controls incurred in HaDEA will be reported by the Agency in its annual activity report.</p>
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## RCS2: Entrusted entities

The RCS covers budget implementation tasks delegated by CONNECT to entrusted entities: (1) the executive agencies HaDEA, REA and EISMEA (the two latter for HE and H2020) <sup>(15)</sup>, EACEA (2) the Chips, SNS and EuroHPC Joint Undertakings (3) Ambient Assisted Living (AAL) Association, (4) the European Cyber Security Centre (ECCC), (5) Decentralised Agencies (BEREC Office & ENISA) and Europol, (6) other bodies.

### Stage 1: Establishment (or prolongation) of the mandate to the entrusted entity ('delegation act'/ 'contribution agreement' / etc.).

**Main internal control objectives:** Ensuring that the legal framework is fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy), and gives all the references necessary for a smooth running of the new entity.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The establishment (or prolongation) act of the mandate of the entrusted entity lacks clear references regarding the responsibilities of each involved actor.</p> <p>For PPPs: the evaluation method of the in-kind contributions provided by the industry partners is not clear.</p>	<p>Ex-ante evaluation.</p> <p>Widespread consultation, internally and with external stakeholders.</p> <p>Hierarchical validation within the authorising department.</p> <p>Inter-service consultation, including all relevant DG.</p> <p>Adoption by the Commission</p>	<p><b>Coverage/Frequency:</b> 100%/once for the establishment and partial for amendments or extensions.</p>	<p><b>Effectiveness:</b> Quality of the legal work (basic act, delegation act/contribution agreement)</p> <p><b>Efficiency:</b> Average cost of preparation, adoption and selection work done for the entrusted entities. Overall supervision cost per (type of) entrusted entity (%)</p> <p><b>Economy:</b> Estimation of costs of staff involved in monitoring the entrusted entity.</p> <p><b>Benefits:</b> Benefits cannot be calculated in terms of budget.</p>

<sup>(15)</sup> The contribution of CONNECT to the administrative budget of the executive agencies is removed from the financial programming at the beginning of the Multi-annual Financial Framework. The operational budget is directly allocated to the Agency on a yearly basis – CONNECT does not strictly have a financial responsibility, but does still have a responsibility to supervise the agency in terms of the achievement of results.

**Stage 2: Assessment and supervision of the entrusted entity’s financial and control framework (towards ‘budget autonomy’; ‘financial rules’).**

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs</p>	<p>Ex-ante assessment, conditional to granting budget autonomy</p> <p>Hierarchical validation within the authorising department</p> <p>Use of Model- or Framework- financial rules (MFR or FFR)</p> <p>Standard business processes and IT tools (EAs and JUs)</p> <p>Secondment or selection of key staff</p> <p>Continuous cooperation within the Research family (IC network, FAIR...) in order to harmonize the IC framework</p> <p>Review of audit reports (Internal Audit Service, European Court of Auditors) evaluation reports as per article 25 of Regulation (EC) No 58/2003 and follow-up actions.</p>	<p><b>Coverage/frequency:</b> 100% of entrusted entities/once at the beginning and partial (problem focused) for amendments or work arrangements</p> <p><b>Depth</b> is determined after considering the type or nature of the entrusted entity, its form and/or the value of the budget concerned.</p>	<p><b>Effectiveness:</b> The entrusted entities are granted budget autonomy, without too significant delays.</p> <p><b>Efficiency:</b> Number of deviations from the MFF.</p> <p><b>Economy:</b> Estimation of costs of staff involved in <i>ex ante</i> assessment process.</p> <p><b>Benefits:</b> The total budget amount entrusted to the entity.</p>

**Stage 3: Operations: monitoring, supervision, reporting.**

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

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The DG is not informed of relevant management issues encountered by the entrusted entity in a timely manner</p> <p>The DG does not react upon and mitigate notified issues in a timely manner which may reflect negatively on the DG's governance reputation and quality of accountability reporting.</p> <p>The programmes Horizon Europe / H2020 implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc.) is not consistent within the Research family and with the 7 years' framework.</p>	<p>Delegation Act/ Contribution agreement/etc. specifying the control, accounting, audit, publication, etc. related requirements – incl. the modalities on reporting back relevant and reliable control results</p> <p>Membership of the Governing Boards or the Steering Committee (Executive Agencies)</p> <p>Monitoring or supervision of the entrusted entity e.g. 'regular' monitoring meetings at operational level to review progress in achieving operational results; review of reported control results and any underlying management/audit reports; scrutiny of annual report, etc.</p> <p>Management review of the supervision results.</p> <p>If appropriate/needed:</p> <ul style="list-style-type: none"> <li>- reinforced monitoring of operational and/or financial aspects of the entity</li> <li>- potential escalation of any major governance-related issues with entrusted entities</li> </ul> <p>The Common Implementation Centre provides all the members of the Research</p>	<p><b>Coverage:</b> 100% of the entities are monitored/supervised.</p> <p><b>Frequency:</b> key KPI's reported on a monthly basis, regular steering committee or Governing Board meetings), annual reports (AAR and operational reporting), evaluation reports.</p> <p>In case of operational and/or financial issues, appropriate mitigating measures are available and should be used</p> <p><b>Coverage/ Frequency:</b> 100%</p> <p><b>Depth:</b> All the underlying implementation tools are defined et developed at family level.</p>	<p><b>Effectiveness:</b> Relevance and reliability of control data reported back, quality of underlying management/audit reports received.</p> <p><b>Efficiency:</b> Overall supervision cost per entrusted entity.</p> <p><b>Economy:</b> Estimation of costs of staff involved in monitoring of the entrusted entities.</p> <p><b>Benefits:</b> The average annual budget amount entrusted to the entity. Optimised procedures, harmonised approach to beneficiaries on multiple issues (audits, fraud, legal).</p>

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	<p>Family with harmonised procedures, guidance and IT tools.</p> <p>DG R&amp;I centralises the budget planning and the monitoring of the Horizon budget implementation.</p> <p>Certain acts taken by executive agencies are subject to legal review by the Commission (Article 22 of Regulation (EC) No 58/2003).</p>		

**Stage 4: Commission contribution: payment or suspension/interruption.**

**Main internal control objectives:** Ensuring that the Commission adequately assesses the management situation at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity or deciding to suspend/interrupt the (next) contribution. This is very closely linked to stage 3 above.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The DG pays out the (next) contribution to the entrusted entity, while not being aware of the management issues that may lead to financial and/or reputational damage.</p> <p>Bad cash forecast leading to the DG paying too much compared to the EE's needs</p> <p>In times of shortage of credits, the budget appropriations are not</p>	<p>Delegation Act/ Contribution agreement/etc. specifying the control, accounting, audit, publication, etc related requirements – including reporting</p> <p>Management review of the supervision results.</p> <p>Standard procedures for the validation of all payments and recovery of non-used operating budget subsidy</p> <p>Good internal communication to ensure that issues are known and dealt with (see stage 3)</p>	<p><b>Coverage:</b> 100% of the contribution payments.</p> <p><b>Frequency:</b> following the rhythm of the payments</p> <p>There is a review before each payment is made. However, the depth will depend on identified issues and on the body involved.</p>	<p><b>Effectiveness:</b> Number of control failures.</p> <p><b>Efficiency:</b> Overall supervision cost per entrusted entity.</p> <p><b>Economy:</b> Estimation of costs of staff involved in monitoring of the entrusted entities.</p> <p><b>Benefits:</b> The average annual budget amount entrusted to the entity</p> <p>Qualitative benefit: optimised credit implementation.</p>

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>How to determine coverage, frequency and depth</b>	<b>Cost-Effectiveness indicators (effectiveness, efficiency, economy)</b>
optimised with the current needs within the family.	Family level budget coordination		

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

This Annex 7 is divided into **two sections**: The first contains details on the information provided in Sections 2.1.1 and 2.1.2 of the Annual Activity Report (AAR). The second contains the reports and documentation considered for assessing the DG's functioning in view of the AOD's assurance, information on additional reporting requirements resulting from the 2018 and 2024 revisions of the Financial Regulation and 'Table Y', which details the figures on the cost of controls incurred by CONNECT.

In 2025, administrative expenses related to salaries and/or missions are reported by the service responsible for the commitment, although the payments were executed by another service, notably the PMO and/or DG HR <sup>(16)</sup>, which, until 2024, also reported the corresponding expenditure. This new reporting arrangement was introduced in the context of data rationalisation linked to the implementation of the Commission's new IT accounting system. In 2025, these expenses represented 1,34% of CONNECT's total payments.

## SECTION 1

This section provides further information about different aspects of the 'Control results' of the AAR. Following the structure of the main text of the document, it presents the following:

- A. H2020, Horizon Europe, Digital Europe control results and the implementation of audit results;
- B. Supervisory arrangements and control results for the budget implemented by entrusted entities;
- C. Fraud prevention, detection and correction activities developed within CONNECT;
- D. Detailed analysis of efficiency indicators;
- E. The cost of controls (for direct management and for the supervision of entrusted entities).

### **A) Horizon 2020, Horizon Europe and Digital Europe control results and the implementation of audit results**

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

#### ***Ex post control results for grant management***

The research and innovation family (R&I family) adopted a common audit strategy intended to contribute to the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systemic and systemic errors.

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<sup>(16)</sup> Type III co-delegation.  
DGCONNECT\_aar\_2025\_annexes

For *Horizon 2020*, the Common Audit Service of the Common Implementation Centre carries out all audits, including those concerning grants concluded by the Executive Agencies and the Joint Undertakings. This was a major step towards ensuring a harmonised approach, legal certainty, equality of treatment of beneficiaries, and minimising the audit burden on beneficiaries.

The *Horizon Europe* multi-annual audit plan was adopted in October 2023. It is an integral part of the control framework put in place for *Horizon Europe* aiming to provide reasonable assurance to the authorising officers implementing *Horizon Europe* grants on the effectiveness of the overall control system in place. The **main indicators** on legality and regularity <sup>(17)</sup> of EU framework programmes for research and innovation are:

- **Cumulative representative detected error rate**, based on errors detected by *ex post* audits on a Common Representative Sample of cost claims across the R&I family;
- **Cumulative residual error rate**, which is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

The **targets** set for this control system are respectively:

- for *Horizon 2020*, to ensure that the cumulative residual error rate remains within a range of 2-5 %, aiming to be as close as possible to 2%. Progress against *Horizon 2020* targets is assessed annually based on the results of the implementation of the *ex post* audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors;
- for *Horizon Europe*, to ensure that cumulative detected and residual error rates do not exceed 2% <sup>(18)</sup>.
- For Digital Europe, to ensure that cumulative detected and residual error rates do not exceed 2%

It should be noted, however, that due to its multi-annual nature, the effectiveness of the control strategy can only be measured and assessed fully in the final stages of the EU framework programme, once the *ex post* audit strategy has been fully implemented, and errors, including those of a systemic nature, have been detected and corrected.

Control results:

### **Horizon 2020 Framework Programme**

The error rates based on the audit work for *Horizon 2020* Framework Programme on 31 December 2025 are:

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<sup>(17)</sup> These indicators are described in annex 5.

<sup>(18)</sup> No representative error rate for *Horizon Europe* will be available in 2022, 2023 and 2024 as the *ex post* audit campaign for the Programme is planned has been launched in the second half of 2024.

- **Cumulative representative detected error rate** for the Framework Programme: **3.83%** <sup>(19)</sup>;
- **Cumulative residual error rate** for the Framework Programme: **1.78% (1.78% for CONNECT)** <sup>(20)</sup>.

### Horizon Europe Framework Programme

The error rates based on the results of ex-post controls for the Horizon Europe Framework Programme for Research and Innovation on 31 December 2025 are:

- **Cumulative representative detected error rate** for the Framework Programme: **4.38%** <sup>(21)</sup>
- **Cumulative residual error rate** for the Framework Programme: **4.05%** (4.06% for CONNECT).

### Digital Europe

Like for Horizon Europe, 2025 was the fifth year of implementation of the Digital Europe programme. The first ex-post audits for Digital Europe were launched in the second half of 2024 once a meaningful number of payments was available for audit and in line with the Programme's ex post audit strategy.

The error rates based on the results of ex-post controls for the Digital Europe on 31 December 2025 are:

- **Detected error rate (DER)** for the DEP audits at family level finalised in 2025 <sup>(22)</sup>: **2,22%**
- **Residual error rate (RER)** for the DEP audits at family level finalised in 2025: **2,21%**

As set out in the Digital Europe audit strategy <sup>(23)</sup>, given that the number of audits will be limited during the first years of the implementation of the programme and that the resulting DEP error rate will therefore not be representative, the error rate of the Horizon Europe programme will be used as a reference for reporting purposes.

Horizon Europe has similar cost eligibility criteria and a comparable profile of beneficiaries to Digital Europe. An analysis performed in early 2025 shows that Digital Europe is the programme (together with Erasmus 2027) that shares the most beneficiary with Horizon Europe (approx. 48% of Digital Europe unique beneficiaries). Both programmes therefore present a relatively similar risk of error.

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<sup>(19)</sup> Based on the 930 representative results out of the 948 expected in the six Common Representative Samples.

<sup>(20)</sup> It should be noted that in 2021 most Horizon 2020 grants managed by CONNECT were delegated to executive agencies. Hence, this figure is based only on the actions that remained with the DG.

<sup>(21)</sup> Based on the 89 representative audits and 29 representative technical reviews out of the 177 expected audits and 30 technical reviews in the first Common Representative Sample.

<sup>(22)</sup> Based on a first batch of 20 audits (corresponding to 23 participations) finalised in 2025 which concerned only CONNECT and HaDEA, no grants implemented by other Digital Europe stakeholders having been audited in 2025.

<sup>(23)</sup> Digital Europe Ex-Post Audit Strategy par. 4.5.1.

Consequently, in the 2025 AAR, the Horizon Europe error rates (4.38% DER, 4.06% RER) will be used to for the estimation of the amount at risk for the Digital Europe Grant Expenditure.

## **Audit coverage**

### **Horizon 2020 and Horizon Europe**

By the end of 2025, the Common Audit Service (CAS) in DG Research and Innovation audited 5 644 H2020 <sup>(24)</sup> and 140 Horizon Europe <sup>(25)</sup> participations **of the Research and Innovation Family**, covering, respectively, 64.55% and 8.90% of total expenditure to date.

The percentage of H2020 expenditure covered by the audits (64.55%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.95%), also referred to as the 'direct' coverage, and the non-audited participations, also referred to as the 'indirect' coverage, which after the full treatment of audit results, are clean from systemic errors (60.60%). For Horizon Europe, the total coverage is 8.90%, of which 0.70% is 'direct' coverage and 8.20% is 'indirect' coverage.

The CAS managed to finalise audits on 394 H2020 participations corresponding to 103.4% of the 2025 target. Moreover, 150 Horizon Europe participations were audited, corresponding to 100.7% of the 2025 target.

### **Digital Europe**

Like for Horizon Europe, 2025 was the fifth year of implementation of the Digital Europe programme. The first ex-post audits for Digital Europe were launched in the second half of 2024 once a meaningful number of payments was available for audit and in line with the Programme's ex post audit strategy.

In its role of audit centre for the Digital Europe, HaDEA performed 20 audits (23 participations), representing just 2.25% of the total Digital Europe population at the end of 2025. As most of the audits were closed in the last quarter of 2025, efforts to implement the audit results and reduce the residual error rate are still underway and could not yet impact the reduction of the residual error rate. The goal is to focus on risk-prone areas, preventing errors and reinforce communication campaigns on eligibility rules to beneficiaries,

## **Audit implementation:**

### **Horizon 2020**

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<sup>(24)</sup> The Horizon 2020 audit campaign started in 2016. At this stage, six Common Representative Samples with a total of 948 expected results have been selected. By the end of 2025, cost claims amounting to EUR 61.3 billion have been submitted by the beneficiaries to the services. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected.

<sup>(25)</sup> The Horizon Europe audit campaign started in 2024. At this stage, one Common Representative Sample with a total of 207 expected results have been selected. By the end of 2025, cost claims amounting to EUR 9.1 billion have been submitted by the beneficiaries to the services. In addition to the Common Representative Samples, risk-based samples were also selected.

The tables below provide the results of the implementation of *Horizon 2020* audits and extensions.

They have been prepared according to the guidance established in 2022 by Common Audit Service applicable to all R&I family services. The guidance establishes **two main elements to monitor**:

- the number of implemented audit results and extensions,
- the time to implement audit results and extensions.

### Number of implemented audit results, cumulative from start of *Horizon 2020*

	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending	Total
<b>Audits</b>	572	99,31%	4	0,69 %	576
<b>Extensions</b>	508	98,45 %	8	1,55 %	516
<b>Total</b>	<b>1.080</b>	<b>98,90 %</b>	<b>12</b>	<b>1,1 %</b>	<b>1.092*</b>

\* Audit results implemented by CONNECT until 2021 for projects externalised to executive agencies are not included.

### Time to implement audit results in a financial year

	0-6 months	% total number (0-6 months)	above 6 months	% above 6 months	Total number
<b>Closed Projects</b>	<b>75</b>	<b>98,68 %</b>	<b>1</b>	<b>1,32 %</b>	<b>76</b>
<b>Negative adjustments with recovery</b>	20	95,24 %	1	4,76 %	21
<b>Negative adjustments without recovery</b>	11	100 %	0	0 %	11
<b>Positive or zero adjustments</b>	44	100 %	0	0 %	44
<b>On-going Projects</b>	<b>10</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>10</b>
<b>Negative adjustments</b>	5	100 %	0	0 %	5
<b>Positive or zero adjustments</b>	5	100 %	0	0 %	5
<b>Total</b>	<b>85</b>	<b>98,84 %</b>	<b>1</b>	<b>1,16 %</b>	<b>86</b>

The above tables show that CONNECT **fully met all targets** set by the Common Audit Service in the above-mentioned guidance.

**In terms of completion**, CONNECT completed the implementation of **98,90 %** of the total cumulative number of audit results (target set to 80%).

**In terms of timeliness**, CONNECT completed the implementation of: **95,24 %** of audit results for closed projects with negative adjustments triggering a recovery order (target set to 50%), **100%** of audit results for closed projects with negative adjustments not triggering a recovery order (target set to 100%) and **100%** of audit results for closed projects with positive or zero adjustments and for on-going projects (target set for both categories to 100%).

## Horizon Europe

The tables below provide the results of the implementation of *Horizon Europe* audits and extensions.

They have been prepared by applying the same KPIs as for Horizon 2020 programme.

### Number of implemented audit results, cumulative from start of *Horizon Europe*

	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending	Total
<b>Audits</b>	4	50 %	4	50 %	8
<b>Extensions</b>	11	57,89 %	8	42,11 %	19
<b>Total</b>	<b>15</b>	<b>55,56 %</b>	<b>12</b>	<b>44,44 %</b>	<b>27</b>

### Time to implement audit results in a financial year

	0-6 months	% total number 0-6 months)	above 6 months	% above 6 months	Total number
<b>Closed Projects</b>	<b>1</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>1</b>
<b>Negative adjustments with recovery</b>	0	0 %	0	0 %	0
<b>Negative adjustments without recovery</b>	0	0 %	0	0 %	0
<b>Positive or zero adjustments</b>	1	100 %	0	0 %	1
<b>On-going Projects</b>	<b>14</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>14</b>
<b>Negative adjustments</b>	0	0 %	0	0 %	0
<b>Positive or zero adjustments</b>	14	100 %	0	0 %	14
<b>Total</b>	<b>15</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>15</b>

The above tables show that CONNECT overall **met the targets** set by the Common Audit Service.

**In terms of completion**, CONNECT completed the implementation of **55,56 %** of the total cumulative number of audit results (target set to 80%). This is due to the fact that Horizon Europe programme is a new programme and audit implementation only started in 2025.

**In terms of timeliness**, CONNECT completed the implementation of **100 %** of audit results within the targets.

## Digital Europe

The tables below provide the results of the implementation of *Digital Europe* audits and extensions.

By analogy, they have been prepared by applying the same KPIs as for Horizon 2020 and Horizon Europe programmes.

## Number of implemented audit results, cumulative from start of *Digital Europe*

	Audit results processed	% Audit results processed	Audit results pending	% Audit results pending	Total
<b>Audits</b>	13	68,42 %	6	31,58 %	19
<b>Extensions</b>	1	33,33 %	2	66,67 %	3
<b>Total</b>	<b>14</b>	<b>63,64 %</b>	<b>8</b>	<b>36,36 %</b>	<sup>22</sup>

## Time to implement audit results in a financial year

	0-6 months	% total number 0-6 months)	above 6 months	% above 6 months	Total number
<b>Closed Projects</b>	<b>8</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>8</b>
<b>Negative adjustments with recovery</b>	0	0 %	0	0 %	0
<b>Negative adjustments without recovery</b>	0	0 %	0	0 %	0
<b>Positive or zero adjustments</b>	8	100 %	0	0 %	8
<b>On-going Projects</b>	<b>6</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>6</b>
<b>Negative adjustments</b>	1	100 %	0	0 %	1
<b>Positive or zero adjustments</b>	5	100 %	0	0 %	5
<b>Total</b>	<b>14</b>	<b>100 %</b>	<b>0</b>	<b>0 %</b>	<b>14</b>

The above tables show that CONNECT **overall met the targets**.

**In terms of completion**, CONNECT completed the implementation of **63,64 %** of the total cumulative number of audit results (target set to 80%). The target of 80% was not reached due to the fact that Digital Europe is a new programme and audit implementation only started in 2025.

**In terms of timeliness**, CONNECT completed the implementation of **100 %** of audit results within the targets.

### **Progress made on action plans to both reduce the error rate on *Horizon 2020* and prevent a high error rate in *Horizon Europe***

Following an IAS limited review on the implementation of the action plans for the reduction of the *Horizon 2020* error rate and for simplifications to reduce the *Horizon Europe* error rate and based on the original action plans agreed with central services, DG Research and Innovation prepared in 2022 a reprioritized action plan to both reduce the error rate in *Horizon 2020* and prevent a high error rate in *Horizon Europe*.

The highest priority has been set on communication, both external and internal. Dedicated webinars and trainings addressed to beneficiaries have been organized all along the year for *Horizon Europe*. Besides, In the context of the Client centricity project, an error-rate reduction campaign was launched and the most error-prone beneficiaries approaching their reporting

deadlines received personalised notifications, with tips on how to avoid the most common errors. The Horizon Europe Learning Framework was implemented in early 2024 and a series of internal trainings were enforced in EU Learn. The aim of the learning framework is to empower users to make optimal use of IT tools and contribute to improving and streamlining controls.

Regarding the increased use of simplified cost options, the Commission has implemented the European Court of Auditors' recommendations on lump sum grants published in its 2022 annual report, in line with the expected target dates. In particular, the Commission has put in place an ex-post control strategy for lump sum grants, developing a methodology for ex-post technical reviews that goes beyond the previous project monitoring and checks the accuracy of projects against evidence in the technical supporting documents.

In 2025, 32 of the 33 ex-post technical reviews launched were completed. More specifically,

- The three reviews under **Horizon 2020** were completed without findings.
- 29 of 30 reviews under **Horizon Europe** were completed, out of which:
  - 28 without findings,
  - one with findings, and
  - one pending for finalisation in January 2026.

Furthermore, three additional reviews were agreed with the relevant executive agencies to be launched in early 2026.

The preliminary results suggest, as expected, that lump sums result in fewer errors. Since only relatively few lump sum projects have been subject to an ex-post technical review so far, these results are not statistically significant yet and will need to be corroborated by further reviews as part of the multi-annual ex post control strategy.

At this stage, the overall error rate for Horizon Europe remains nearly entirely determined by the estimated error rate on cost-reimbursement grants. With the share of lump sum grants and payments gradually increasing, the lower error rate on lump sum grants is expected to lead to a lower overall error rate in the future.

The Commission also made further updates to the expert briefing, internal training, and internal guidance for call coordinators and project officers regarding terminology, acceptance of work packages, and documenting the budget assessment, as well as updating the guidance on how to describe activities in work packages in the Horizon standard proposal templates. All relevant support and guidance on lump sums are now available online in one place for internal and external users, respectively. This includes all internal and external events of the information campaign, including the three webinars for external participants on how lump sum grants function, three internal training sessions for PO's on how to manage lump sum grants and proposals, and two training session for call coordinators of lump sum topics all held in 2025.. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs.

The Horizon Europe mid-term evaluation, adopted on 30 April 2025, complemented existing assessments of lump sum funding with further data and analysis (e.g. to quantify the administrative savings). In addition, it confirmed that lump sum grants help avoid financial errors while safeguarding the EU's financial interest and help shift the focus during the implementation stage from financial controls to the project's content, and that controls have

been effective and lead to some reductions at evaluation and payment stage, which is reassuring with regard to safeguarding public finances.

The uptake of the personnel unit cost scheme, launched in May 2024 as an additional simplified cost option, remained limited in 2025 (5 beneficiaries opted for it so far). Nevertheless, unit costs offer simplification potential. Therefore, the Common Implementation Centre is continuing to reflect on possibilities for further improvement to increase the attractiveness of the measure for beneficiaries under the next Horizon Europe programme, while keeping any improved methodology as lean and simple as possible.

CONNECT is part of a broader corporate initiative called Corporate Arachne+, led by DG BUDG and implemented by DG DIGIT. This project aims to create a unified IT system for data analysis and risk assessment, which will integrate data from various internal systems and sources, including external databases like ORBIS and WorldCompliance. Arachne+ will utilise advanced data analytics and artificial intelligence/machine learning to develop predictive algorithms for risk forecasting, such as identifying the likelihood of a company going bankrupt within 18 months or committing double financing. As a participant in the Arachne+ working group, CONNECT is actively contributing to the business development of the system. Starting from the next MFF, the provision of data will be mandatory for all EU services for Arachne+.

#### **New actions to reduce error rate:**

##### **1. 'Tour des capitales' initiative**

Starting from 2026, a new action is launched with the initiative of the CIC, consisting of on-site visits to MS capitals, reaching directly to beneficiaries and presenting a variety of topics including the recent changes in the work programmes, the modalities of new simplified ways of declaring costs (specifically lump sums and personnel unit costs), and also raising awareness about several reporting obligations including how to declare personnel costs in actual cost grants and the use of the personnel cost wizard (developed for explaining the correct way to calculate personnel costs, which is the most common source of errors).

##### **2. Joint RIAN-RINEC meetings**

In 2026, we are launching extended meetings between the Research and Innovation Auditor's Network (RIAN) together with the Research and Innovation Ex-Ante (RINEC) practitioners group. Our aim is to have a bidirectional feeding of the experience between ex-post and ex-ante controls and raise awareness for the ex-ante practitioners community to be able to inform beneficiaries in advance on how to avoid common errors. Examples of the collaboration between auditors and ex-ante controls are: the explanations included in the personnel wizard and suggestions in the text used for the messages sent as part of the error awareness campaigns targeting specific type of beneficiaries etc.

##### **3. Finetuned and extended error rate campaign**

The error campaign has become standard practice driven by the CIC. We have established a regular procedure to inform beneficiaries on a quarterly basis with tailor made messages targeting their status and based on an analysis of the error-prone profile (newcomer, SME, third country). In addition, the campaign is fine-tuned and adapted regularly based on the feedback from the auditors network; a characteristic example is the newly launched campaign to alert beneficiaries of the above categories who have active

projects from both H2020 and Horizon Europe projects, about the differences when calculating personnel costs in these two different framework programmes

#### **4. Focused sessions on Info Days and awareness raising during the R&I Days**

The CIC is participating with dedicated sessions in the Info Days and is also available with personnel during the R&I Days getting into direct contact with beneficiaries and answering all their questions concerning various aspects and phases of project implementation.

#### **Guidance to beneficiaries and implementing bodies**

Following the first campaign of ex post controls/audits and technical reviews for Horizon Europe which ended in December 2025, the CIC will prepare an in-depth analysis of the issues and errors most commonly identified, taking into account the particular context of the Horizon Europe programme which (in comparison to Horizon 2020) is by design intended to support riskier areas and types of beneficiaries. This analysis will serve as a basis for providing clarifications in the guidance to beneficiaries and stakeholders as regards the practical implementation of the programme.

#### **Actions taken to reduce the error rate on Digital Europe**

The audit campaigns started and, in line with the Digital Europe Audit strategy, HaDEA performed the audit of 23 participations covering EUR 8,8 Mio EU contribution.

Information campaigns were organised. In particular, during the meetings with the National Contract Points of 25 June 2025 and 24 October 2025, CONNECT provided training on cost reporting with a specific focus on aspects which can be a source of errors.

Since the start of the programme, the Annotated Model Grant Agreement was regularly updated to include relevant guidance on the correct management of the grants.

CONNECT also explored the possibilities of a wider use of lump sums for Digital Europe grants given that lump sums are considered as an important tool to reduce financial errors, achieve simplification and cut administrative burden.

### **B) Supervisory arrangements and control results by budget implemented by entrusted entities (Section 2.1.1, 'legality and regularity of the transactions' of the AAR)**

CONNECT has entrusted the implementation of parts of its budget to different entities. As the entities are different in nature (executive agencies, Joint Undertakings, Private Law Body and Financial Institutions), the controls put in place are adapted to their specificities, as explained below.

#### **1) Executive Agencies**

CONNECT is the partner DG of the European Research Executive Agency (REA), the European Health and Digital Executive Agency (HaDEA), the European Innovation Council and SMEs Executive Agency (EISMEA), and the European Education and Culture Executive Agency (EACEA).

In 2025, the amount of operational appropriations delegated by CONNECT to the executive agencies was EUR 564.55 million.

<b>Executive Agency (EA)</b>	<b>Operational Payments implemented directly by the EAs linked to CONNECT activities (EUR million)</b>
<b>European Health and Digital Executive Agency (HaDEA)</b>	301.12
<b>Education, Audiovisual and Culture Executive Agency (EACEA)</b>	220.80
<b>European Innovation Council and SMEs Executive Agency (EISMEA)</b>	39.08
<b>Research Executive Agency (REA)</b>	3.55
<b>TOTAL</b>	564.55

### **Supervision arrangements**

The monitoring and supervision of the activities of the executive agencies are mainly achieved by means of participation of the partner DG(s) in the Steering Committees of the executive agencies. The Agency's Director ensures that the members and observers of the Steering Committee receive all relevant information and reliable control results needed for the appropriate fulfilment of their mandates.

This supervisory role is defined in several legal documents and guidance (the Commission Delegation Act to the agency, the Memorandum of Understanding between the DGs and the agency, the Commission Guidelines on Executive Agencies, etc.). The annual planning and reporting cycle forms the basis of the monitoring and supervision of the Agencies' activities by the Steering Committee. In particular, the Annual Work Programme contains an obligation of assessment of risks and risk exposure and provides a number of key performance indicators. These constitute the benchmark against which the performance of the Executive Agencies is monitored through its interim reporting and Annual Activity Report. It is complemented by other relevant sources of information such as the reports from the discharge authority, the European Court of Auditors, the Internal Audit Service and the European Anti-Fraud Office. CONNECT uses their reports as an element of the supervision of these bodies. In addition, all the executive agencies participate in horizontal governance processes, such as the Commission peer review of critical risks.

As provided for in the Memoranda of Understanding between the executive agencies and their parent DGs, the executive agencies also report half-yearly to the partner DG on the use of resources. The preparation of the executive agencies' budgets and annual work plans is coordinated with the parent DGs concerned.

### **Control results**

#### **European Education and Culture Executive Agency (EACEA)**

In its 2025 annual activity report, EACEA provided an unqualified declaration on assurance and reports overall positive results. The estimated risk at closure stands at 0.45%, below the materiality threshold of 2%. For Creative Europe (in part delegated by CONNECT) the estimated residual error rate is 0.84% for the 2014-2020 programming period. The management has

reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

### **European Health and Digital Executive Agency (HaDEA)**

HaDEA provided in its 2025 annual activity report reasonable assurance qualified by reservations for the Horizon Europe and for the Digital Europe programmes, both having a cumulative residual error rate above 2% at family level. For the 2021-2027 programmes, 2025 is the first year in which representative error rates have been calculated. These rates are based on a limited number of completed audits, which cover only a small portion of the total programmes' population. As a result, the conclusions derived from these audits should be approached with caution. For all programmes audited by HaDEA, most of the errors relate to incorrect claims for personnel costs, mainly due to beneficiaries' lack of understanding of the rules.

Out of the programmes managed, CEF Telecom DSI legacy programme 2014-2020 (delegated by CONNECT) had a residual error rate of 3.01%. The 'de minimis' criteria for reporting applies.

As regards Horizon 2020 grants, HaDEA reported a residual error of 2.14%, within the materiality range of 2-5%.

HaDEA concluded a self-assessment of its internal control framework. The Agency concluded that its internal control system is effective: the components and principles are present and functioning well overall, but some improvements are needed following the reservations for the Horizon Europe and Digital Europe programmes.

Based on the most relevant key indicators and control results, HaDEA assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

### **European Innovation Council and SMEs Executive Agency (EISMEA)**

The Agency reported in their 2025 annual activity report a high level of error for Horizon Europe which exceeded the 2% materiality threshold and consequently included a reservation on assurance accordingly. EISMEA also included a reservation on reputational grounds concerning weaknesses affecting the award decision process. For *Horizon 2020*, the Agency reported a cumulative residual error rate of 2.9% within the materiality range of (2-5%).

EISMEA uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, considering the multiannual character of programmes and the nature of the payments concerned. Based on the most relevant key indicators and control results, EISMEA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

EISMEA has assessed its internal control system during the reporting year and has concluded that it is effective, and the components and principles are present and functioning well overall, but some improvements are needed as deficiencies were identified.

### **European Research Executive Agency (REA)**

REA provided in its 2025 annual activity report reasonable assurance qualified by a reservation for the Horizon Europe for which the cumulative residual error rate is above 2% materiality threshold and a reputational reservation on concerning the high level of known irregularities in the part of the multi-beneficiary grants funded by the AGRIP programme (not delegated by CONNECT).

REA assessed its internal control system during the reporting year and concluded that it was effective and the components and principles were present and functioning well overall, but that some improvements were needed related to a high risk for financial irregularities in the grants for the promotion of agricultural products and the low participation in anti-fraud training.

**Overall**, CONNECT considers that the supervision of the executive agencies has been effective in 2024.

**2) Joint Undertakings and Union bodies**

**The Chips Joint Undertaking (Chips JU)**

The Chips Joint Undertaking <sup>(26)</sup> was established in September 2023 by Council Regulation (EU) 2023/1782, amending Regulation (EU) 2021/2085 establishing the Joint Undertakings under *Horizon Europe*.

Entity	Type	Purpose	Payments (million EUR)
Chips	Joint Undertaking	The Chips JU is a partnership between the private and the public sectors for electronic components and systems /semiconductors/chips. It contributes to the development of a strong and globally competitive electronics components and systems industry in the EU. It also implements the main part of the Chips for Europe Initiative set up under the Chips Act.	731.34

**Supervision arrangements**

Directorate C ‘Enabling and Etiomerging Technologies’ of CONNECT represents the Commission in the Governing Board and the Public Authorities Board of the Chips JU. CONNECT closely monitors the work of the Chips JU, notably by preparing the Commission's position in the Boards referred to above.

The Commission's Internal Audit Service performs the Chips JU’s internal audit function. The European Court of Auditors is the external auditor of the Chips JU and CONNECT receives copies of the reports, for action, if necessary.

The European Parliament and the Council are responsible for the annual budgetary and discharge procedures for the JUs.

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<sup>(26)</sup> The Chips Joint Undertaking is the successor of the Key Digital Technologies Joint Undertaking (KDT JU) that had been active from 30 November 2021 to 21 September 2023. The ECSEL Joint Undertaking was active from 27 June 2014 until 30 November 2021, when it was replaced by the KDT JU. The ENIAC and ARTEMIS Joint Technology Initiatives operated until 27 June 2014, when ECSEL JU was established and took over their operations.

## Control results

The **Chips JU** implemented during 2025 EUR 731.34 million in respect of *Horizon Europe*, *Horizon 2020* and *Digital Europe*. In its 2024 annual activity report <sup>(27)</sup>, the Chips JU reached an overall positive conclusion on the effectiveness of the internal control systems with several main improvements needed and reported unqualified reasonable assurance.

The European Court of Auditors (ECA), in its annual report on Joint Undertakings regarding the financial year 2024, published on 31/10/2025 <sup>(28)</sup>, considered that the payments underlying the accounts for the year ending on 31 December 2023 were legal and regular in all material respects.

The level of error estimated for the implementation of Horizon Europe and Digital Europe exceeded the materiality threshold. Chips JU will report on it in its annual activity report which will be published later during the year.

CONNECT provides advice and support to the Chips JU in its efforts to address all the concerns of the Court and of the budgetary authorities.

Overall, CONNECT considers that its supervision of the Chips JU has been effective and appropriate in 2025. The regular supervision of Chips did not identify any particular events, issues or problems that could have a material impact on assurance or that would need to be included in this report.

### **European High Performance Computing Joint Undertaking (EuroHPC JU)**

The EuroHPC Joint Undertaking was established in September 2018 under Article 187 of the Treaty on the Functioning of the European Union for the implementation of an initiative on European High Performance Computing <sup>(29)</sup>.

Entity	Type	Purpose	Payments (million EUR)
EuroHPC	Joint Undertaking	The EuroHPC is a partnership between the private and the public sectors for High Performance Computing. It, inter alia, contributes to the creation of the European supercomputing, quantum computing and data infrastructures, allowing to develop the necessary technologies, applications and skills for reaching exascale capabilities in Europe.	24.50

## Supervision arrangements

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<sup>(27)</sup> [https://www.chips-ju.europa.eu/File/download.aspx?entity=shv\\_library&attribute=shv\\_file&ID=a2db03c6-4257-f011-877b-000d3ab2b856](https://www.chips-ju.europa.eu/File/download.aspx?entity=shv_library&attribute=shv_file&ID=a2db03c6-4257-f011-877b-000d3ab2b856)

<sup>(28)</sup> [European Court of Auditors' annual report on EU Joint Undertakings for the financial year 2024](#).

<sup>(29)</sup> Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking and repealing Regulation (EU) 2018/1488.

Directorate C 'Enabling and Emerging Technologies' of CONNECT represents the Commission in the Governing Board of the EuroHPC JU. CONNECT closely monitors the work of the EuroHPC JU, inter alia by preparing the Commission's position in the Board referred to above.

The European Court of Auditors is the external auditor of the EuroHPC JU and CONNECT receives copies of the reports, for action, if necessary. The Commission's Internal Audit Service performs EuroHPC JU's internal audit function.

By Governing Board Decision 15/2020, the EuroHPC JU acceded to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by the European Anti-Fraud Office.

The European Parliament and the Council are responsible for the annual budgetary and discharge procedures for the Joint Undertaking.

### **Control results**

The **EuroHPC JU** implemented during 2025 EUR 24.5 million in respect of Horizon 2020, Horizon Europe and Digital Europe delegated programmes. In their 2024 annual activity report <sup>(30)</sup>, EuroHPC JU reported reasonable assurance that, overall, the internal control system is present and adequately functioning.

The level of error estimated for the implementation of Horizon Europe and Digital Europe exceeded the materiality threshold. The JU will report on it in its annual activity report which will be published later during the year.

The ECA in its annual report on EU joint undertakings for the 2024 financial year <sup>(31)</sup> gives a clean opinion for EuroHPC in respect of legality and regularity of transactions and on reliability accounts, with an emphasis of matter on the latter which does not modify the opinion. In addition, several observations remain without putting into question the positive opinion. Among others, the ECA pointed out that the level of contributions from the private members to the EuroHPC JU continues to not meet the expected levels. This situation is acknowledged and followed up but will be addressed on the occasion of the revision of the EuroHPC Regulation (32), which establishes arrangements for financing its activities of the EuroHPC JU.

Overall, CONNECT considers that its supervision of the EuroHPC JU has been effective and appropriate.

### **The Smart Networks and Services Joint Undertaking (SNS JU)**

Smart Networks and Services Joint Undertaking (SNS JU) was established by Council Regulation 2021/2085 of 19/11/2021. SNS JU became autonomous on 24 October 2023. The financial

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<sup>(30)</sup> [https://eurohpc-ju.europa.eu/document/download/5a49dad1-75fe-459c-9923-23b732e4b3a5\\_en?filename=Annex to EuroHPC JU Decision No 27.2024 - Consolidated Annual Activity Report 2023.pdf](https://eurohpc-ju.europa.eu/document/download/5a49dad1-75fe-459c-9923-23b732e4b3a5_en?filename=Annex%20to%20EuroHPC%20JU%20Decision%20No%2027.2024%20-%20Consolidated%20Annual%20Activity%20Report%202023.pdf)[https://www.eurohpc-ju.europa.eu/document/download/195bce77-41e2-455b-82dd-d9808d6e2fc8\\_en?filename=EuroHPC%20JU%20Consolidated%20Annual%20Activity%20Report%202024.pdf](https://www.eurohpc-ju.europa.eu/document/download/195bce77-41e2-455b-82dd-d9808d6e2fc8_en?filename=EuroHPC%20JU%20Consolidated%20Annual%20Activity%20Report%202024.pdf)

<sup>(31)</sup> <https://www.eca.europa.eu/en/publications/SAR-JUS-2024>

<sup>(32)</sup> Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking

year 2024 was the first year for the SNS JU with full operations and financial autonomy. In 2025, the SNS JU continued to operate under full financial autonomy, further consolidating its operational processes and budget implementation.

The activities of SNS JU build on two pillars: research and innovation under the *Horizon Europe* on technologies and systems for Smart Networks and Services towards 6G, and coordination of 5G deployment actions funded by European or national funding programmes.

Entity	Type	Purpose	Payments to SNS JU in 2025 (million EUR)
Smart Networks and Services	Joint Undertaking	The SNS JU is a Public-Private Partnership that aims to facilitate and develop industrial leadership in Europe in 5G and 6G networks and services. The SNS JU funds projects that shape a solid research and innovation (R&I) roadmap and deployment agenda by engaging a critical mass of European stakeholders and facilitating international cooperation on various 6G initiatives. The SNS JU has two main missions: i) fostering Europe’s technology sovereignty in 6G by implementing the related R&I activities; and ii) boosting 5G deployment in Europe in view of developing digital lead markets and enabling the digital and green transition of the economy and society.	124.23

**Supervision arrangements**

Directorate E of CONNECT represents the Commission in the Governing Board of the SNS JU. CONNECT closely monitors the work of the SNS JU, inter alia by preparing the Commission's position in the Board referred to above.

The European Parliament and the Council are responsible for the annual budgetary and discharge procedures for the Joint Undertaking.

**Control results**

The **Smart Networks and Services Joint Undertaking** (SNS JU) implemented EUR 124.23 million in respect of Horizon Europe. In the SNS JU’s Consolidated Annual Activity Report <sup>(33)</sup>, the management reported reasonable assurance that, overall, suitable controls are in place and working as intended, risks are being appropriately monitored and mitigated, and necessary systems and reinforcements are being implemented. The level of error estimated for the implementation of Horizon Europe exceeded the materiality threshold. The JU will report on it in its annual activity report which will be published later during the year.

The European Court of Auditors (ECA), in its annual report on Joint Undertakings for the financial year 2024 <sup>(21)</sup>, considered that the payment transactions underlying the accounts for 2024 were legal and regular in all material respects.

CONNECT considers that its supervision of the JUs has been effective and appropriate.

<sup>(33)</sup> AAR 2024 - sns-caar-2024-apr25\_v8.2\_web\_hq.pdf  
 DGCONNECT\_aar\_2025\_annexes

### 3) Decentralised Agencies

#### **BEREC Office** <sup>(34)</sup>

The tasks, organisation and operation of the Body of European Regulators for Electronic Communicators (BEREC) and the Agency for Support for BEREC (BEREC Office) are set out in Regulation (EU) 2018/1971 of the European Parliament and of the Council of 11 December 2018 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Agency for Support for BEREC (BEREC Office). As an EU decentralised agency, BEREC Office is managed by a director, who is supervised by the heads of the 27 EU national regulatory authorities. The Commission is represented in this Management Board, having one vote.

BEREC Office is responsible for providing administrative and professional support to BEREC (e.g. organising meetings and events, managing documents and archives, establish, maintain and make available databases on numbering resources and on operators' authorisations; implementation of a proper information and communication system for collaboration and data gathering).

Entity	Type	Purpose	Payments (million EUR)
BEREC Office	Decentralised Agency	The BEREC Office is responsible for providing administrative and professional support to BEREC. BEREC promotes a consistent application of the EU regulatory framework, and its tasks are focused mainly on market regulation. It has also an advisory role towards the EU institutions and individual national regulatory authorities.	8.35

#### **Supervision arrangements**

The Commission representatives in the BEREC Office Management Board are CONNECT's Director-General (member) and the Director of Directorate B (alternate member). The DG, in close cooperation with Commission central services dealing with financial and human resources, ensures that all Agency's acts are properly assessed and that the Commission position is agreed.

The Commission's Internal Audit Service is the internal auditor of the BEREC Office and the European Court of Auditors is the external auditor of the BEREC Office. All the audit reports are presented by the Director of the BEREC Office to the Management Board, of which the Commission is part. In addition, the report of the European Court of Auditors is published on its website.

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<sup>(34)</sup> The tasks, organisation and operation of BEREC and the Agency for Support for BEREC (BEREC Office) were set out in Regulation (EC) No 1211/2009 of 25 November 2009 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Office. Regulation (EU) 2018/1971 of the European Parliament and of the Council of 11 December 2018 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Agency for Support for BEREC (BEREC Office), amending Regulation (EU) 2015/2120, repealed Regulation (EC) No 1211/2009 as of 20 December 2018.

## Control results

Based on the reports and all other available information, CONNECT can conclude that in 2025 the activities of BEREC Office have been used for the purpose of achieving its objectives and in accordance with the principles of sound financial management.

In its annual report on EU agencies for the financial year 2024, the ECA issued for the BEREC Office a clean audit opinion on both the accounts and the legality and regularity of underlying transactions.

In its consolidated annual activity report <sup>(35)</sup> BEREC office concluded positively on the assessment of their internal control systems and provided a clean declaration of assurance.

### **European Union Agency for Cybersecurity (ENISA)** <sup>(36)</sup>

ENISA aims to contribute to a high level of cybersecurity within the EU. It supports EU Institutions, Member States and organisations in addressing cybersecurity risks and threats.

ENISA carries out its activities according to an annual and multiannual work programme. It has been granted an autonomous budget financed primarily through a contribution from the Union as well as contributions from third countries, including from countries in the European Economic Area participating in the Agency's work. Member States are also allowed to make voluntary contributions to the revenue of the Agency.

In 2025, ENISA continued to carry out actions assigned to it by the contribution agreements signed with the Commission, in line with the main DEP Work Programmes 2023-2024 and 2025-2027.

The payments made to ENISA during 2025 amounted to EUR 54.78 million.

Entity	Type	Purpose	Payments (million EUR)
ENISA	Decentralised Agency	ENISA carries out the tasks assigned to it under the Cybersecurity Act for the purpose of achieving a high common level of cybersecurity across the Union, including by actively supporting Member States, Union institutions, bodies, offices and agencies in improving cybersecurity. ENISA acts as a reference point for advice and expertise	54.78

<sup>(35)</sup> <https://www.berec.europa.eu/en/all-documents/berec-office/berec-office-activity-reports/2024-consolidated-annual-activity-report-of-the-berec-office>

<sup>(36)</sup> The tasks, organisation and operation of ENISA are set out in the Cybersecurity Act under Regulation (EU) 2019/881 of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealed Regulation (EC) No 526/2013 of 21 May 2013. The Cybersecurity Act entered into force on 27 June 2019.

		on cybersecurity for Member States and Union institutions, bodies, offices and agencies as well as for other relevant Union stakeholders. ENISA contributes to reducing the fragmentation of the internal market by carrying out the tasks assigned to it under the Cybersecurity Act, especially in the field of cybersecurity certification.	
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### **Supervision arrangements**

The Commission is represented in the Management and Executive Board by CONNECT (Director for Digital Society, Trust and Cybersecurity) and DG Informatics (Director for IT Security). Each of the Boards meet three or four times per year.

At operational level, the cooperation between CONNECT and ENISA is ensured via a designated policy officer – ENISA team leader – who maintains regular contact with the secretariat of the Management Board of ENISA and where appropriate, with ENISA's staff. Day to day working level communication between CONNECT staff and ENISA staff is encouraged and followed as a practice. In particular, bi-weekly meetings are conducted to discuss cybersecurity certification, and regular meetings (about once a month) to discuss international cooperation and specific cybersecurity certification schemes. In addition, a monthly video call between CONNECT and ENISA is scheduled on a permanent basis to discuss the implementation of the Support Action and of the EU Cybersecurity Reserve.

At managerial level, regular meetings between the Executive Director of ENISA and the CONNECT's Director responsible take place. At any time, additional information deemed necessary by CONNECT can be requested.

The Executive Director of ENISA, as authorising officer, must produce a consolidated annual activity report, which should include information on the management and internal control systems, a summary of internal audits carried out, the recommendations made and the action taken on these recommendations, as well as any observations of the European Court of Auditors and the actions taken on these observations. He signs the declaration of assurance. In addition, the Executive Director presents to the Management Board an annual *ex post* evaluation on the Agency's core activities.

The Commission's Internal Audit Service performs ENISA's internal audit function and the European Court of Auditors is the external auditor of ENISA. CONNECT receives copies of the reports, for action, if necessary.

The contribution agreements signed with ENISA include an entire section establishing rules for the coordination, progress and results monitoring and evaluation of the actions carried out by ENISA under the agreements. Among others, the obligation to inform the Commission regarding changes of initial documentation, frequent reporting on relevant information, periodic reviews, and any ad-hoc request by the Commission.

### **Control results**

In 2025, CONNECT has made total payments of EUR 54.78 million to ENISA, which includes in particular the implementation of the different actions conferred to ENISA under contribution agreements, in line with the underlying Digital Europe Work Programmes. Regular updates between ENISA and CONNECT are taking place on monthly or bi-weekly basis, depending on the specific topic and action financed under contribution agreements.

In its annual report on EU agencies for the financial year 2024 <sup>(37)</sup>, the ECA issued a clean audit opinion on the accounts and the legality and regularity of transactions underlying the accounts of the Agency

**Evaluation**

In the course of 2023-2025, the Commission has conducted an evaluation of the impact, effectiveness and efficiency of ENISA and of its working practices, in line with the requirement of Article 67(1) of the Cybersecurity Act. The report on the evaluation is available as Annex 8 to the Impact Assessment for a proposal for a Regulation on the Cybersecurity Act 2 <sup>(38)</sup>. The study that supports the report on the evaluation, conducted by an external provider, is also publicly available <sup>(39)</sup>.

**Overall, CONNECT considers that its supervision of decentralised agencies has been effective and appropriate in 2025.**

**EUROPOL**

On 19 December 2024, CONNECT signed a contribution agreement with Europol for the initiation of the development of an automated “Threat-to-life notifications” workflow in PERCI (Plateforme européenne de retraits de contenus illégaux sur Internet). The estimated cost of the contribution is EUR 1.24 million. The contribution agreement is fully financed under the main *Digital Europe* work programme 2023-2024. The implementation period for this action will last until the end of 2026. The payment made to Europol in 2024 corresponds to the total amount of the estimated EU contribution. There was no payment made during 2025.

Entity	Type	Purpose	Payments (million EUR)
EUROPOL	Decentralised agency	The contribution agreement aims for the initiation of the development of a ‘Threat-to-life notifications’ workflow in PERCI. PERCI is currently the technical solution that connects all Member States and hosting service providers for the facilitation of the transmission of referrals and removal orders. The new PERCI workflow will accommodate the need to automate information exchange in the context of Article 18 Digital Services Act.	0.00

<sup>(37)</sup>[https://www.eca.europa.eu/ECAPublications/SAR-AGENCIES-2024/SAR-AGENCIES-2024\\_EN.pdf#page=98](https://www.eca.europa.eu/ECAPublications/SAR-AGENCIES-2024/SAR-AGENCIES-2024_EN.pdf#page=98).

<sup>(38)</sup> See the Impact Assessment, as of p. 231, available at: <https://digital-strategy.ec.europa.eu/en/library/proposal-regulation-eu-cybersecurity-act>

<sup>(39)</sup> <https://op.europa.eu/en/publication-detail/-/publication/2d916513-f2de-11f0-b9bc-01aa75ed71a1/language-en>

**Supervision arrangements**

The contribution agreement will be subject to the reporting clauses indicated in the contract. The following reports will be submitted to CONNECT by Europol throughout the life-cycle of this action: annual reports (narrative and financial), recapping the progress made in the achievement of the results (outputs and outcomes), the overall consumption of financial resources, and outlining the work plan for the coming period and the final report which will cover the entire period of the action, providing information on achievements of the action, including an outlook on measures undertaken to ensure sustainability of results and further dissemination/up-scaling.

The reports shall provide an account of all relevant aspects of the implementation of this action for the reporting period, including activities envisaged, difficulties encountered, changes introduced, and the degree of achievement of results measured by corresponding indicators, to enable monitoring of the of the objectives and budget implementation.

**Control results**

As the contribution agreement with Europol was signed on 19 December 2024, the first annual report for 2025 will be delivered by 1 March 2026, as required under Article 4(4) of the Special Conditions.

**European Union Intellectual Property Office (EUIPO)**

CONNECT signed a contribution agreement on 22/12/2025 with the EUIPO to support the application of the Digital Services Act (DSA) in relation to intellectual property (IP) rights infringement through two separate sets of activities consisting of:

- Action non-specific to very large online platforms and very large online search engines (VLOPs and VLOSEs), to develop expertise among judicial and enforcement authorities, IP right holders, as well as online intermediaries that do not qualify as VLOPs and VLOSEs on ways to apply the DSA. The EUIPO will provide the financing for this specific part of the action, covering activities that it would normally not carry out, but that it will perform as its contribution to the agreement.
- Action specific to VLOPs and VLOSEs supervision by the Commission, to support the Commission’s expertise and capabilities necessary for enforcement actions regarding IP rights under the DSA with regard to VLOPs and VLOSEs in the context of the Contribution Agreement which provides up to a maximum of EUR 5 million contribution from the Commission for this specific part of the action.

The rationale of such agreements between the European Commission and the EUIPO is to develop the expertise related to IP rights infringement within the scope of application of the DSA.

Entity	Type	Purpose	Payments (million EUR)
European Union Intellectual Property Office (EUIPO)	Decentralised Agency	The contribution agreement aims to support the application of the Digital Service Act in relation to intellectual property rights infringement.	0.00

**Supervision arrangements**

The contribution agreement establishes, *inter alia*, the implementation objectives, centred around strengthening and complementing the Commission’s supervisory role under the DSA and the reporting requirements.

**Control results**

The implementation of the contribution agreement is foreseen to start in April 2026.

**4) Private Law Body**

**The Ambient Assisted Living (AAL) Association**

The active and assisted living joint programme (AAL JP) is a Member States’ initiative. As of July 2021, the programme entered into the ‘phasing out’ period until 31 December 2027, the definitive closure of the programme as laid down in the delegation agreement. The final evaluation report (COM(2022) 708 final) covering the seven-years of operation of the programme, from June 2014 to June 2021, and the accompanying Staff Working Document (SWD(2022) 404 final) presenting the results of the final evaluation were transmitted to the European Parliament and the Council in December 2022.

Entity	Type	Purpose	Payments (million EUR)
Ambient Assisted Living (AAL) Association	Private Law Body	The AAL Joint Programme is a public partnership funding activities that aim to create better conditions of life for the older adults and to strengthen the international industrial opportunities in the area of information and communication technology.	8.82

**Control results**

There was no annual review carried out in 2025 in view of the phasing out. During 2025, a total of EUR 8.82 million was paid to the AAL Association.

**5) Union Body**

**European Cybersecurity and Competence Centre (ECCC)**

The Centre was established by Regulation (EU) 2021/887 on 20/05/2021 <sup>(40)</sup>. Together with the Network of National Coordination Centres (NCCs), the ECCC is Europe’s new framework to support innovation and industrial policy in cybersecurity. It is responsible for cybersecurity relevant parts of *Digital Europe* and *Horizon Europe*.

Since September 2024 ECCC has been financially autonomous, operating under full financial autonomy. In 2025 it further consolidated its operational processes and budget implementation.

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<sup>(40)</sup> Regulation (EU) 2021/887 of the European Parliament and the Council establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres.

Entity	Type	Purpose	Payments (million EUR)
European Cybersecurity Competence Centre (ECCC)	Union body	Together with the Network of National Coordination Centres (NCCs), the ECCC is Europe's new framework to support innovation and industrial policy in cybersecurity. It is responsible for cybersecurity relevant parts of <i>Digital Europe</i> and <i>Horizon Europe</i>	246.30

### Supervision arrangements

The Commission is represented in the ECCC Governing Board by CONNECT (Director for Digital Society, Trust and Cybersecurity) and by DG HOME (Director for Innovation & Audit). The Governing Board meets in principle three times per year.

At operational level, the cooperation between CONNECT and ECCC is ensured via designated desk officers who maintain regular contact with ECCC's staff. Day to day working level communication between CONNECT staff and ECCC staff is encouraged. In particular, regular meetings, usually weekly, are conducted to discuss the implementation of the *Digital Europe* programme and *Horizon Europe*, and their projects portfolio as appropriate.

At management level, regular meetings between the Executive Director of ECCC and CONNECT's Director for Digital Society, Trust and Cybersecurity take place.

At any time, any additional information deemed necessary by CONNECT is requested.

The Executive Director of the ECCC, as authorising officer, must produce a consolidated annual activity report, which should include: information on corresponding expenditure and the implementation of the Agenda and the multiannual work programme; if necessary, that report shall be accompanied by proposals for the further improvement of the realisation or the reformulation of the strategic goals and priorities; ensure the implementation of effective monitoring and evaluation procedures in relation to the performance of the Competence Centre; information on the management and internal control systems, a summary of internal audits carried out, the recommendations made and the action taken on these recommendations, as well as any observations of the European Court of Auditors and the actions taken on these observations. He signs the declaration of assurance. In addition, the Executive Director presents to the Governing Board an annual *ex post* evaluation on the Centre's core activities.

The Commission's Internal Audit Service performs ECCC's internal audit function, and the European Court of Auditor (ECA) is the external auditor of ECCC. CONNECT receives copies of the reports, for action, if necessary.

### Control results

The ECCC implements budget delegated by CONNECT in respect of Horizon Europe and Digital Europe, either through grants management (*Horizon Europe* and *Digital Europe*) or through procurement, including joint procurement with Member States (*Digital Europe*). CONNECT paid EUR 246.30 million to ECCC during 2025.

In its consolidated annual activity report for 2024 <sup>(41)</sup> management reported reasonable assurance that the allocated resources were used for their intended purpose, in compliance with the legal framework and in accordance with the principle 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. Overall, the results of the 2024 internal control assessment show that ECCC’s internal control system is present, functioning and effective, although some improvements are needed.

The ECA, in its annual report on Joint Undertakings regarding the financial year 2024 <sup>(42)</sup>, considered that the payments underlying the accounts for 2024 were legal and regular in all material respects. The audit opinions on reliability of accounts and legality and regularity of revenues are accompanied by emphasis of matters. However, they do not affect the audit opinion.

Overall, CONNECT considers that its supervision of ECCC has been effective and appropriate in 2025.

**Contribution agreements with international organisations**

**European Space Agency (ESA), European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), and European Centre for Medium-Range Weather Forecasts (ECMWF)**

CONNECT signed contribution agreements with ESA, EUMETSAT and ECMWF on 15/12/2021. They set out tasks entrusted for the implementation of the Destination Earth initiative under the *Digital Europe* work programme 2021-2022 (as described in detail in the Technical Annex I of the Contribution Agreements) and the corresponding Union contribution. Throughout 2025, implementation tasks for the continuation of Destination Earth under the *Digital Europe* work programme 2023-2024 continued based on amendments to the original respective contribution agreements signed in December 2023.

Throughout 2025, implementation tasks for the continuation of Destination Earth under the *Digital Europe* work programme 2023-2024 continued based on amendments to the original respective contribution agreements signed in December 2023.

Entity	Type	Purpose	Payments (million EUR)
European Space Agency (ESA)	Intergovernmental organisation	ESA is an intergovernmental organisation of 22 member states, a world leader in space exploration and Earth observation. Its mission is to shape the development of Europe’s space and Earth observation capabilities and to continue delivering benefits to the citizens of Europe and the world.	17.19

<sup>(41)</sup> [https://cybersecurity-centre.europa.eu/document/download/d85ba39a-c041-4701-acdd-5cdd1bcd6669\\_en?filename=ECCC%20GB%20Decision%20No%202025\\_8%20CAAR%202024\\_0.pdf](https://cybersecurity-centre.europa.eu/document/download/d85ba39a-c041-4701-acdd-5cdd1bcd6669_en?filename=ECCC%20GB%20Decision%20No%202025_8%20CAAR%202024_0.pdf)

<sup>(42)</sup> [https://www.eca.europa.eu/ECAPublications/SAR-JUS-2024/SAR-JUS-2024\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/SAR-JUS-2024/SAR-JUS-2024_EN.pdf)  
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European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT)	Intergovernmental organisation	EUMETSAT is the European operational satellite agency for monitoring weather, climate and the environment from space. It establishes, maintains and exploits European systems of operational meteorological satellites, and contributes to the operational monitoring of the climate and the detection of global climatic changes.	49.92
European Centre for Medium-Range Weather Forecasts (ECMWF)	Intergovernmental organisation	ECMWF is an independent intergovernmental organisation serving as a research institute and a 24/7 operational service, producing global numerical weather predictions and other data for its members and co-operating states and the broader community. ECMWF has one of the largest supercomputer facilities and meteorological data archives in the world.	53.02

### Supervision arrangements

The contribution agreements establish, *inter alia*, the implementation rules, the conditions for the payment of the Union contribution, and the overall relation between the Commission and ESA, EUMETSAT and ECMWF, respectively.

It provides for the appropriate monitoring and supervisory measures in order to prevent, detect, correct and follow-up on fraud and irregularities. Such measures include regular reporting to the Commission via annual, semestrial, and ad hoc reports, submission for approval of annual work plans, regular coordination meetings at technical and working levels, and the possibility for the Commission, the European Anti-Fraud Office, the European Public Prosecutor's Office and the European Court of Auditor to perform checks, reviews, audits and investigations, as necessary. In addition, payments under the agreement are linked to the fulfilment of key performance indicators clearly set out. In case of irregularities, fraud or breach of obligations, the Commission may suspend payments as well as the implementation of the entrusted tasks or even terminate the agreement.

The three entrusted entities report to the Commission on a mid-year and annual basis.

Prior to the signature of the contribution agreements, ESA, EUMETSAT and ECMWF were pillar assessed by the Commission.

### Control results

In 2025, payments were effected as indicated in the table above for the continuation of the Destination Earth initiative under the *Digital Europe* work programme 2023-2024.

CONNECT, from its own desk monitoring and the review of the above-mentioned reports (and other additional operational reporting) received from the entrusted entities by the time of preparation of this report, did not identify issues or weaknesses which would affect the assurance.

Overall, CONNECT has reasonable assurance regarding the implementation of the Destination Earth initiative and considers that the EU funds transferred to the entrusted entities are used for the intended purposes and that the controls in place are cost-effective.

## **United Nations Department of Economic and Social Affairs (UN DESA)**

CONNECT signed a contribution agreement on 24/07/2025 with UN DESA with a view to delegate the implementation of one of the actions of the Communication of the European Commission 'Internet Policy and Governance: Europe's role in shaping the future of Internet Governance' (COM/2025/971 final). This is part of a Commission initiative, in close cooperation with the Member States, to coordinate access to and interoperability of networks, and to underpin the digital single market. The Commission and EU Member States have committed to ensuring that Internet governance continues to support an open, stable and robust internet and to strengthen and support the Internet Governance Forum (IGF) to that end. The Commission has already been providing funding for the IGF Secretariat, on behalf of the Union, since its inception in 2007.

<b>Entity</b>	<b>Type</b>	<b>Purpose</b>	<b>Payments (million EUR)</b>
United Nations Department of Economic and Social Affairs	Intergovernmental organisation	The UN Department of Economic and Social Affairs is part of the <a href="#">United Nations Secretariat</a> .	0.20

### **Supervision arrangements**

The contribution agreement establishes, inter alia, the implementation rules, the conditions for the payment of the Union contribution, and the overall relation between the Commission and UN DESA.

It provides for the appropriate monitoring and supervisory measures in order to prevent, detect, correct and follow-up on fraud and irregularities. Such measures include regular reporting to the Commission via annual, half-yearly, and ad hoc reports, submission for approval of annual work plans, regular coordination meetings at technical and working levels, and the possibility for the Commission, the European Anti-Fraud Office, the European Public Prosecutor's Office and the European Court of Auditors to perform checks, reviews, audits and investigations, as necessary. In addition, payments under the agreement are linked to the fulfilment of key performance indicators clearly set out. In case of irregularities, fraud or breach of obligations, the Commission may suspend payments as well as the implementation of the entrusted tasks or even terminate the agreement.

After internal consultation, the Commission decided to apply supervisory (ad-hoc) measures for pillars 7, 8 and 9 as the criticality identified by the auditor for pillar 7 has been attributed a higher level of risk by the Commission. These Supervisory measures were inserted in the new contribution agreement. Among the others, these supervisory measures include the publication on a regular basis and at least once a year, by the UN DESA on its website information related to grants financed or co-financed by the EU contribution, as well as measures concerning data protection.

At operational level, the cooperation between CONNECT and UN DESA is ensured via a designated desk officer who maintains regular contact with UN DESA's staff. Day-to-day working level communication between CONNECT staff and UN DESA staff is encouraged and followed as a practice. The contribution agreement was signed to allow to support the Internet Governance Forum for the year 2025.

### **Control results**

The contribution agreement was signed on 24/07/2025 for the period 01/01/2025 to 31/12/2025 with a progress report to be received during the first quarter of 2026 and the certified financial statement from the UN to be received in July 2026.

From the available monitoring and communication received from UN DESA during the year, CONNECT can conclude that its supervision has been effective and there is no weakness to report.

**European Audiovisual Observatory (EAO)**

Entity	Type	Purpose	Payments (million EUR)
European Audiovisual Observatory	Intergovernmental organization	The EAO is an entity established as an enlarged partial agreement of the Council of Europe in order to collect and distribute information about the audiovisual industries in Europe. It aims at promoting greater transparency and achieving a clearer understanding of the ways in which the audiovisual industries in Europe function.	1.31

CONNECT signed a contribution agreement on 9/02/2024 (CA3) with the EAO with a view to provide a financial contribution to finance the implementation of the action ‘EA08 — Information and Research on the Audiovisual Sector’ with an implementation period of 24 months starting 01/01/2024. This action was continued and another contribution agreement was signed on 17/12/2025 (CA4) to finance the implementation of the action ‘EA09 — Information and Research on the Audiovisual Sector’, with an implementation period of two years starting 01/01/2026.

The rationale of such agreements between the Commission and the EAO is to further develop the areas covered by the EAO for the benefit of the audiovisual sector, support the development of essential tools for the audiovisual sector, and provide the Commission with specific briefings, data and research to cater with its work programme and policies in the audiovisual field.

**Supervision arrangements**

The contribution agreement establishes, *inter alia*, the implementation rules, the conditions for the payment of the Union contribution, and the overall relation between the Commission and the EAO:

The contribution agreement provides for the guarantee that the systems, rules and procedures applied by the European Audiovisual Observatory (EAO) are close to the ones of the Council of Europe, which have been pillar assessed (the EAO is part of the Council of Europe). It also provides for the appropriate monitoring and supervisory measures. Such measures include regular reporting, coordination meetings (at least two meetings a year) and appropriate level of details of the activities covered by the contribution agreement.

The EAO’s deliverables are reviewed by the DG both in form and substance. They are organised per activity. The contribution agreement requires both a general report on all activities and an individual narrative report providing details on the results of each activity. In addition, for the activities consisting for instance in the drafting of legal or market studies, the EAO aims at

making the results available to the public after prior discussion with CONNECT on the substance of the reports.

Both the draft reports and the narrative reports are reviewed by CONNECT. This means that the deliverables are concrete and allow for a rapid benchmarking against the terms of the contribution agreement.

In order to prevent, detect, correct and follow-up on fraud and irregularities, the contribution agreement provides for the possibility for the Commission, or any authorised representatives (the European Anti-Fraud Office, the European Court of Auditors), to conduct desk reviews, investigations on-the-spot checks and inspections on the use made of the EU contribution on the basis of supporting accounting documents and any other document related to the financing of the action.

**Control results**

CONNECT, from its own desk monitoring and the review of the above-mentioned reports received from the EAO by the time of preparation of this report did not identify issues or weaknesses which would affect the assurance. Overall, CONNECT has reasonable assurance regarding the implementation of the action and considers that the EU funds transferred to the entrusted entity are used for the intended purposes and that the controls in place are cost-effective.

**Organisation for Economic Co-operation and Development (OECD)**

Entity	Type	Purpose	Payments (million EUR)
Organisation for Economic Co-operation and Development	Intergovernmental organisation	The overall objective of this project is to assess progress in implementing the European Union revised Coordinated Plan on Artificial Intelligence and to draw relevant lessons for potential further policy action in this area.	0.00

CONNECT signed a contribution agreement on 22/07/2024 with the OECD with a view to provide a financial contribution to finance the monitoring of the Coordinated Plan on AI, Member States AI policy actions, public and private investments in AI and uptake of AI in priority sectors.

**Supervision arrangements**

The contribution agreement establishes, inter alia, the implementation rules, the conditions for the payment of the Union contribution, and the overall relation between the Commission and OECD.

It provides for the appropriate monitoring and supervisory measures in order to prevent, detect, correct and follow-up on fraud and irregularities. Such measures include regular reporting to the Commission via inception reports and reports that are linked to the 3 Work Packages of the contribution agreement, biweekly regular coordination meetings at technical and working levels. In addition, the payment of the full costs is linked to the fulfilment of deliverables clearly set out. In case of irregularities, fraud or breach of obligations, the Commission may suspend payments as well as the implementation of the entrusted tasks or even terminate the agreement.

At operational level, the cooperation between CONNECT and OECD is ensured via designated policy officers who maintain regular contact with OECD's staff. Day to day working level communication between CONNECT staff and OECD staff is encouraged and followed as a practice.

**Control results**

The contribution agreement was signed on 22/07/2024 for 12 months. All the required reports were delivered on time and an event was organised by the OECD to close the common work.

From the deliverables received from OECD during the year, CONNECT can conclude that its supervision has been effective and there is no weakness to report.

**6) Financial Instruments**

**CEF Debt Instrument (CEF DI)**

The European Investment Bank (EIB) manages, on behalf of the Commission <sup>(43)</sup>, the CEF Debt Instrument (CEF DI), which aims to enable long-term capital market financing of infrastructure projects including, but not limited to, those carried out under project finance structures. The amount committed by CONNECT for projects in information and communications technology and broadband sectors is EUR 17,5 million <sup>(44)</sup>. This amount has been fully committed and paid in December 2020 and enabled a EUR 100 million loan from the EIB to support the roll-out of a broadband fibre access network in Slovenia. There were no payments made during 2025. The activities during 2025 were funded by the payment done in December 2020.

Entity	Type	Purpose	Payments (million)
European Investment Bank (CEF Debt Instrument)	Financial Instrument	Enable long-term capital market financing of infrastructure projects including, but not limited to, those carried out under project finance structures (on a risk-sharing basis).	0.00

**Supervision arrangements**

The EIB delivers an annual operational report on the CEF DI to all services involved. The same applies for financial reporting. Quarterly reports informing on the allocation of the CEF DI assets are also provided. The Commission has four nominees on the Steering Committee of the CEF DI, which is chaired by DG Economic and Financial Affairs. This DG also coordinates the exchange of views between Commission members of the committee before the meetings. It also reports twice a year to the European Parliament and to the Council on behalf of the Commission with the support of the designated services.

The Commission's contribution to the CEF DI serves as a guarantee for the project. In case of project default, the capital provisioned as a guarantee will be disbursed to support the reimbursement of the due amounts, up to the level of EU budgetary commitment.

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<sup>(43)</sup> DG Economic and Financial Affairs, DG Mobility and Transport, DG Energy, CONNECT.

<sup>(44)</sup> During the pilot phase of the PBI, the total EU budget contribution for the PBI was limited to EUR 230 million.

## Control results

There were no payments made for the CEF Debt Instrument in 2025.

Overall, CONNECT considers that its supervision of the CEF DI has been effective and appropriate in 2025. In particular, CONNECT considers that the operational and financial reporting (monthly and annual reports) is sufficient and provides relevant information and figures to ensure sound and effective management of the policy aspects of this financial instrument.

### **Cultural and Creative Sectors Guarantee Facility (CCS GF)**

Implementation of the Cultural and Creative Sectors Guarantee Facility (CCS GF) under *Creative Europe* (2007-2013) is entrusted to the European Investment Fund (EIF) in compliance with the Financial Regulation, the Financial and Administrative Framework Agreement and specific conditions laid down in the delegation agreement signed by the Commission and the EIF <sup>(45)</sup>. Full reporting on control results (effectiveness as regards legality and regularity, efficiency and cost effectiveness and fraud prevention and detection) is part of the delegation agreement in force.

Entity	Type	Purpose	Payments (million EUR)
European Investment Fund - Cultural and Creative Sectors Guarantee Facility	Financial Instrument	The CCS GF is managed by the EIF on behalf of the Commission in the context of the <a href="#">Creative Europe programme</a> . The Facility benefits micro, <a href="#">small and medium-sized enterprises</a> in the cultural and creative sectors, often facing difficulties in accessing loans, based in any of the <a href="#">participating countries</a> .	0,47 <sup>(46)</sup>

## Supervision arrangements

The Delegation Agreement provides for detailed supervision arrangements. Those provisions require the EIF to undertake comprehensive and timely monitoring of CCS GF Transactions under the CCS GF, covering financial intermediaries, financial sub-intermediaries and final recipients, and to report on the monitoring activities to the Designated Service. In line with the provisions of the Delegation Agreement, the reports are delivered on annual, quarterly or monthly basis.

Based on its own controls, the EIF shall monitor the compliance of the operations with this Delegation Agreement, assess the eligibility of financial intermediaries, monitor the eligibility of the final recipients, and monitor the proper execution by the financial intermediaries of their contractual obligations, including their reporting obligations.

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<sup>(45)</sup> On the 30 June 2016 and amended on 12 December 2017, on 9 January 2020 and 29 July 2020.

<sup>(46)</sup> The payment estimates for CCS GF are substantiated through disbursement forecasts, submitted by the EIF, in a form of Annex 2d, in line article 8.10 of the Delegation Agreement for CCS GF.

The EIF shall require the financial intermediary to monitor the contractual compliance of the agreements with final recipients, where applicable, assess the eligibility of financial sub-intermediaries, and monitor the eligibility of final recipients.

The Commission may exercise further controls to validate the operational and financial reporting received from the EIF. The Commission may request the EIF to transmit representative and/or risk-based samples of transactions.

**Control results**

CONNECT’s supervision of this financial instrument did not identify particular issues that would need to be included in this report. Thus, CONNECT considers that its supervision of the CCS GF was effective and appropriate. In particular, the operational and financial reporting (monthly, quarterly and annual reports) provided sufficient and relevant information and figures to ensure sound and efficient management of the policy aspects of this financial instrument.

**C) Fraud prevention, detection and correction activities developed within CONNECT in 2024 (Section 2.1.1, ‘fraud prevention, detection and correction’ of the AAR)**

**Fraud risk management**

<b>Objective:</b> The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission anti-fraud strategy <sup>(47)</sup> aimed at the prevention, detection and correction <sup>(48)</sup> of fraud		
<b>Indicator 1: Implementation of the actions included in [the department’s] anti-fraud strategy over the whole lifetime of the strategic plan (2025-2029)</b>		
<b>Source of data:</b> DGCONNECT annual activity report, DGCONNECT anti-fraud strategy, OLAF reporting		
<b>Baseline (2024)</b>	<b>Target (2029)</b>	<b>Latest known results</b> (situation on 31/12/2025)
100% of implementation actions planned in the anti-fraud strategy	100% of due actions implemented each year	97%

<sup>(47)</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – ‘the CAFS Communication’; Communication from the Commission "Commission Anti-Fraud Strategy Action plan – revision 2023" [COM\(2023\) 405](#) of 11 July 2023 – “the Communication on the 2023 revision” – and the accompanying revised action plan, [SWD\(2023\) 245](#)– “the revised Action Plan”.

<sup>(48)</sup> Correction of fraud is an umbrella term, which refers in particular to the recovery of amounts unduly spent and to administrative sanctions.

## Main outputs in 2025:

Description	Indicator	Target	Latest known results (situation on 31/12/2025)
Organise Fraud risk awareness raising trainings and similar anti-fraud trainings with a focus on cases/ examples and exchange of best practices.	Number of fraud risk awareness training sessions organised in CONNECT. Percentage of newcomers (staff involved in grant management joining the DG and newcomers joining the Resource directorate in the last year) which attend the fraud risk awareness training sessions during the year.	One session 55% of newcomers (staff involved in grant management joining the DG and newcomers joining the Resource directorate in the last year) which attend the fraud risk awareness training sessions during the year.	Two sessions Participation rate is 45%
Active participation in anti-fraud networks	Participation in FPDNet and the FAIR Committee meetings.	Participation in all FPDNet and the FAIR Committee meetings	All FPDNet and FAIR meeting attended

### Entrusted entities

CONNECT ensures through its supervisory role that the entrusted entities have appropriate fraud prevention and detection measures in place.

The Joint Undertaking implementing *Horizon* programmes adopted the common anti-fraud strategy in the Research and Innovation family which was updated in 2023. They are represented in the Fraud and Irregularities in Research (FAIR) Committee.

In June 2024, ECCC adopted its anti-fraud strategy 2024-2026 <sup>(49)</sup>. Both ENISA and the BEREC Office implement their own anti-fraud strategies and action plans. The BEREC Office updated its strategy and action plan in 2023. ENISA revised its strategy in 2021.

As regards the AAL Association, anti-fraud management is addressed in the risk management and *ex post* audit strategy of the AAL Joint Programme agreed between the Commission and the AAL Association in 2015. National programme management agencies provide an overview of their audit system. In particular, they provide the AAL Association – and in turn the Commission – with information about the audit and control procedures to prevent fraud and irregularities.

For the financial instruments under management by the European Investment Bank (EIB), the fraud prevention strategy is based on the principles agreed between the Commission and the EIB. Similarly, the European Investment Fund (EIF) is in charge of the implementation of the Cultural and Creative Sectors Guarantee Facility in compliance with the Financial Regulation, the Financial and Administrative Framework Agreement and specific conditions laid down in the

<sup>(49)</sup> [https://cybersecurity-centre.europa.eu/document/download/bcd0ddaf-898e-4860-bbed-453150152563\\_en?filename=ECCC%20Decision%20No%20GB%202024\\_8\\_Anti-Fraud%20Strategy%202024-2026%20and%20AFS.pdf](https://cybersecurity-centre.europa.eu/document/download/bcd0ddaf-898e-4860-bbed-453150152563_en?filename=ECCC%20Decision%20No%20GB%202024_8_Anti-Fraud%20Strategy%202024-2026%20and%20AFS.pdf)

Delegation Agreement signed by the Commission and the EIF, which contains provisions on fraud prevention and detection and reporting on control results.

## **D) Detailed analysis of efficiency indicators**

CONNECT's control system for grant management under direct management is divided into four distinct stages – programming, evaluation and selection of proposals (stage 1), contracting (stage 2), monitoring the execution of the projects (stage 3) and *ex post* controls and recoveries (stage 4). Key efficiency indicators have been defined for each stage of the process.

### **Stage one: Programming, evaluation and selection of proposals**

The first stage concerns the preparation and the publication of the calls for proposals and the subsequent evaluation of the received proposals. The overall control objective of this stage is to ensure that the most promising projects, meeting the policy objectives, are among the selected proposals. In order to ensure this control objective, CONNECT has put in place a set of rules and procedures that are objective, transparent and ensure equal treatment of all applicants, fully aligned with the required procedures for grants in the Commission.

The selection process implies an initial screening of the submitted proposals to assess their admissibility and eligibility. In a second stage the eligible proposals are evaluated by an independent evaluation panel in a structured and standardised procedure. The aim of all steps in this process is to ensure a robust and transparent selection which in turn will guarantee the highest value for money return.

The role of call coordination in CONNECT for Horizon Europe and Digital Europe is centralised. This secures uniform procedures across CONNECT units implementing selection procedures for grants. Call coordinators provide up-to-date information on the guidelines and tools for proposal selection to operational units in CONNECT through training and guidance to colleagues. Call coordinators liaise with the Common Implementation Centre on improvements of tools and processes

The proposal evaluation process for grant selection in CONNECT is often monitored by independent external observers. Compliance with procedures in the evaluation is reported by the observers and main conclusion is shared on the publicly accessible funding and tender portal.

The key efficiency indicator we use for this stage of the process is the time-to-inform (TTI), i.e. the number of days from the closing of the call for proposals to the moment the applicants are informed about the outcome of the evaluations. The time-to-inform should not exceed 5 months (152 days) for calls in Horizon Europe and 6 months (183 days) for calls Digital Europe. The target for CONNECT is at least 95% of applicants are informed within the set limits.

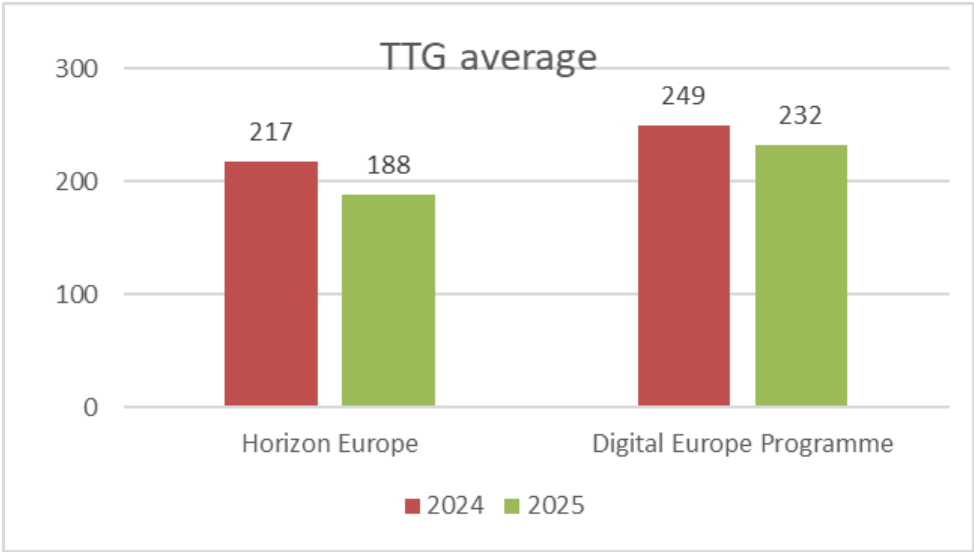
All applicants receiving information on the outcome of the evaluations in 2025 for CNECT directly managed calls, received this information within the maximum time-to-inform limit (TTI in 2025 was met by 100%). The TTI for applicants in Horizon Europe was on average 109 days with a maximum of 114 days. For Digital Europe, the average TTI was 84 days with a maximum of 96 days. For both programmes, the overall average TTI was 107 days (for comparison, average TTI was 107 days in 2024 and 106 days in 2023).

### **Stage two: grant preparation/contracting**

After a sound and transparent selection process, the next stage consists of formalizing the contractual side of the proposals. The overall control objective of this stage is translating each of the selected proposals into legally binding grant agreements, allowing for the management of both the scientific and financial aspects of the projects and to ensure the best value for money output of each of the contracted projects.

Proposals under *Horizon Europe* are expected to be mature and ready to be implemented without the need for substantial adjustments in the scope and repartition of the scientific work, the duration or the maximum financial contribution for the project. Given that no negotiation phase is foreseen for this programme, the difference between the recommended funding and the final grant awarded is negligible.

*Digital Europe*, on the other hand, allows for small adjustments to the proposal following its evaluation. This may imply minor budget reductions. The key indicator which can be used to measure the performance of this stage is the time-to-grant. The time to grant is the length of the time between the closure date of the call for proposals and the date of the signature of the grant agreement. The time-to-grant indicator shows the average period between the calls' closure date and the grants' signature. The time-to-grant for *Horizon Europe* and *Digital Europe* are shown in the table below.



In 2025, 61 *Digital Europe* projects were signed for a total EU contribution of EUR 223 million. The average time-to-grant of these *Digital Europe* projects was 232 days.

7 *Horizon Europe* projects were signed in 2025 for a total Commission contribution of EUR 97 million. The average time-to-grant of these projects was 188 days.

The number of projects signed is slightly higher compared to 2024 when 21 *Horizon Europe* projects and 37 *Digital Europe* grants were signed.

The legal time-to-grant for *Horizon Europe* (eight months or 245 calendar days) was complied with in 100% of the grants, whereas the target for this indicator was 95%. The time-to-grant for *Digital Europe* (nine months or 275 calendar days) was complied with in 85% of the grants, well above the target of 80% for this indicator. For some grants, grant preparation took longer in order to ensure the necessary co-funding commitment from the grant beneficiaries

Grants from *Horizon Europe* and *Digital Europe* resulting from restricted calls need to comply with the restrictions provisions. This requires performing ownership and control assessments

(OCA) and in some cases obtaining and accepting security guarantees. Ethics appraisal and security appraisal are other procedures that take time to perform but that are necessary to secure the Commission’s interests and comply with the programme/call requirements.

The main benefits of the grant preparation/contracting stage consist in translating valuable scientific ideas into legally binding grant agreements in a way that ensures an optimal allocation of EU funds.

**Stage three: monitoring the execution**

The overall control objective of this stage is to ensure that the projects are performing according to their schedule and that the financial operations comply with regulatory and contractual provisions.

The execution of the projects is monitored through different tools, the *ex ante* controls being one of the most important ones at the time of cost claims submitted by the beneficiaries. Other monitoring measures include the assessment of the technical reports, which in some programmes may have further pre-financing implications and commitments adjustments (only applicable to multi-annual programmes), as well as direct and regular contacts with the beneficiaries and project promoters, technical site visits, project management workshops, among others.

The key indicators which can be used to measure the performance of this stage are the time-to-pay and the average time to pay monitors/independent experts.

The time-to-pay (%) indicator measures the payment amount accepted on time (in percentage). Since 2020, a corporate standard indicator ‘timely payments’ (%) has been chosen for the reporting of the time-to-pay. It is also presented in the Annex 4.

CONNECT continued its efforts to maintain the low late payments, in line with the tighter deadlines imposed by the Financial Regulation.

For the year 2025, 94% of the total payment accepted amounts were paid on time. CONNECT was slightly below the target (target: above 95%) due to one payment which was accounted late in SUMMA due to a technical issue.

2025	2024	2023	2022	2021	2020
94%	100%	100%	100%	100%	100%

Table: Evolution of the TTP in CONNECT (%)

**Stage four: ex post controls Unit R4**

The fourth stage includes the *ex-post* audits as well as the recovery of any amounts found to have been paid in excess of the amount due. The results of the audits, namely the error rates, are detailed in the section dedicated to the control results in terms of effectiveness as regards legality and regularity. Unlike the other stages of the grant management control system, the scope of the audit stage is wider than just CONNECT. The Common Audit Service is responsible

for all *Horizon Europe* <sup>(50)</sup> and *Horizon 2020* audits (including Executive Agencies and Joint Undertakings). HaDEA is responsible for carrying out audits for *Digital Europe* grants <sup>(51)</sup>.

A detailed analysis of the work performed by the Common Implementation Centre can be found in DG Research and Innovation's annual activity report.

The benefit of *ex-post* controls in terms of adjustment, recoveries and offsetting is set out above; however, the real benefit of the *ex-post* controls, including the deterrent and training effect, cannot be fully quantified.

**E) The cost of controls (for RCS1- Grants management and for RCS 2- Entrusted entities)**

The control system for grant management is divided into four distinct stages. Key indicators have been defined for each stage of the process.

The table below provides an estimate of the total costs of control for direct grant management within CONNECT. It also includes the costs of the common shared services by the European Research Executive Agency (REA) and the Common Implementation Centre (CIC) hosted by DG Research and Innovation <sup>(52)</sup>. HaDEA is carrying out the *ex-post* audits for *Digital Europe's* implementing bodies, hence the cost of *ex post* controls incurred in HaDEA in respect of *the* programme will be included by the Agency in its annual activity report. As the CIC is a corporate service whose work is contributing to the assurance model of all on boarded programmes, its costs are presented in this report as a whole. The support services provided by REA to the *Horizon programmes* implementing bodies is part of this family-wide integrated control system as well.

The estimated cost of controls for each of the four stages was calculated based on the corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls. The estimated cost of controls of CONNECT is given for each of the different grant management stages and accounts for the different responsibilities for implementing Horizon and Digital Europe. These responsibilities result notably in additional tasks in Digital Europe concerning the preparation of templates, programme specific guidance, adapted processes and additional internal and external training efforts. The complete picture is shown in the table below.

Cost of controls indicator in direct grant management	Costs (EUR million)	2025 Grant payments for the R&I Family	Overall rate (total costs/total amount paid)
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<sup>(50)</sup> For Horizon Europe the audits started in 2023 when sufficient payments became auditable.

<sup>(51)</sup> The first *ex-post* audits for *Digital Europe* were launched in the second half of 2024 once a meaningful number of payments was available for audit and in line with the Programme's *ex post* audit strategy.

<sup>(52)</sup> CONNECT implements parts of Horizon and Digital Europe in direct management. The Common Implementation Centre is responsible for steering all implementation matters related to Horizon, while CONNECT is leading the implementation of Digital Europe.

Common Implementation Centre (CIC)	Internal costs	External costs	<b>Total</b>	Total amount (EUR million)	<b>%</b>
				H2020 & HE	
<i>Ex ante</i> controls (mainly common services for IT systems and operations)	6.06	25.21	31.28	9 818.53	0.32 %
				H2020	
<i>Ex post</i> audits	8.10	0.30	8.40	1 557.87	0.54%
TOTAL (CIC)	<b>14.17</b>	<b>25.51</b>	<b>39.68</b>		<b>0.86%</b>
Evaluation Experts costs paid by REA	<b>14.86</b>	<b>68.81</b>	<b>83.70</b>	<b>7 237.99</b>	<b>1.16%</b>

<b>CONNECT</b> Costs of controls grant management	Internal costs	External costs	Total	2025 Operational payments for grants CONNECT (H2020, HE, DEP, etc)	Overall Rate
<b>Stage 1 – programming and evaluation</b>	4.03	0.002	4.03	522.38	<b>0.77%</b>
<b>Stage 2 – contracting</b>	3.20	0.005	3.20	522.38	<b>0.61%</b>
<b>Stage 3 – monitoring the execution (financial circuits)</b>	22.56	0.025	22.59	522.38	<b>4.32%</b>
<b>Stage 4 – <i>ex post</i> controls and recoveries</b>	0.82	0.00	0.82	522.38	<b>0.16%</b>
<b>TOTAL CONNECT costs of controls grant management</b>	<b>30.61</b>	<b>0.031</b>	<b>30.64</b>	522.38	<b>5.87%</b>

### CONNECT costs of control

The total cost of control within CONNECT for direct grant management is estimated at approximately EUR 30.64 million, corresponding to 5.87% of the total operational grant payments made in 2025 (EUR 522.38 million).

As also explained in the annual activity report section 2.1.4., the increase in the overall rate compared to last year is mainly due to the decrease of total operational grant payments from EUR 658.56 million in 2024 to EUR 522.38 million in 2025 and to higher average staff cost. The decrease in the 2025 payments made is due to lower payments made in respect of *Horizon Europe* grants and of the legacy programme *Horizon 2020* which is phasing out.

**The costs incurred by CONNECT for the monitoring and the supervision of the entities entrusted with budget implementation tasks** amounts, approximately, to EUR 4.28 million. This amount includes primarily personnel costs. This represents 0.32% of the payments made

to these entities during 2025. The overall rate of the cost of control slightly decreased in 2025 mainly due to the increase in payments made.

Year	Payments made (million EUR)	Estimated costs of control	Ratio
2023 <sup>(53)</sup>	1 163.44	5.30	0.46%
2024	1 046.85	5.25	0.50%
2025	1 320.43	4.28	0.32%

Table: Evolution cost of controls Indirect Management at DG/Commission level

The table below provides a more detailed overview of the supervision and monitoring cost per entity in 2025:

Entity	Payments made (EUR million)	Estimated Cost of Controls	Ratio
Chips JU	731.34	1.00	0.14%
Smart Networks and Services JU	124.23	0.61	0.49%
European High-Performance Computing (EuroHPC) JU	24.50	0.53	2.15%
Agency for Support for BEREC (BEREC Office)	8.35	0.34	4.10%
European Union Agency for Cybersecurity (ENISA)	54.78	0.25	0.46%
European Cybersecurity Competence Centre (ECCC)	246.30	0.52	0.21%
Ambient Assisted Living (AAL) Association	8.82	0.19	2.18%
ESA, EAO, EUMETSAT, ECMWF, UNDESA, OECD	121.63	0.67	0.55%
EUROPOL	-	0.03	N/A
Culture and Creative Sector Guarantee Facility (CCSGF)	0.47	0.05	10.91%
Financial Instrument (CEF DI)	0.00	0.09	N/A
<b>TOTAL</b>	<b>1320.43</b>	<b>4.28</b>	<b>0.32%</b>

The **cost incurred by CONNECT for the monitoring and the supervision of the four executive agencies** to which CONNECT is delegating budget implementation tasks amounts, approximately, to EUR 2.16 million. This represents 0.38% of the operational payments made (EUR 564.55 million) to these entities during 2025. The transfer of the payments to the four executive agencies is done by the Commission central service DG Budget.

<sup>(53)</sup> The total cost of controls for the monitoring and the supervision of the entrusted entities does not include the cost of control for the monitoring and the supervision of the executive agencies. This is reported separately in the following table.

Entity	Payments made (million EUR)	Estimated costs of control	Ratio
Executive agencies	564.55	2.16	0.38%

In addition, the management/remuneration fees paid for each entrusted entity are presented in the following table:

Entrusted Entity	Payments made (EUR million)	Management/Remuneration fees paid (million EUR)	Ratio
Chips JU	731.34	7.64	1.05%
Smart Networks and Services Ju	124.23	2.09	1.68%
European High-Performance Computing (EuroHPC) JU	24.50	8.32	33.95%
Agency for Support for BEREC (BEREC Office)	8.35	6.36	76.09%
European Union Agency for Cybersecurity (ENISA)	54.78	19.88	36.28%
European Cybersecurity Competence Centre (ECCC)	246.30	4.49	1.82%
Ambient Assisted Living (AAL) Association	8.82	0.15	1.70%
ESA	17.19	3.41	19.84%
EAO	1.31	0.06	4.83%
EUMETSAT	49.92	1.41	2.83%
ECMWF	53.02	2.64	4.98%
UNDESA	0.20	0.01	7.00%
Financial Instrument - CCSGF	0.47	0.04	8.02%
<b>TOTAL</b>	<b>1320.43</b>	<b>56.50</b>	<b>4.28%</b>

For the decentralised agencies BEREC Office and ENISA for which CONNECT is partner DG, the respective management/remuneration fees are the main component of the operating budget transferred by CONNECT which is included, along with the operational budget, in the payments made to the respective entities in the reporting year. As regards EuroHPC, there was a decrease in the payments done during 2025 given that the JU reactivated existing operational payment appropriations from previous years, therefore in 2025 the percentage of managements fees is higher.

## SECTION 2

### **A) Reports and documentation considered for the assessment of the DG's functioning in view of the AOD's assurance:**

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports / documentation have been considered:

- The reports submitted by the authorising officers by sub-delegation which include the outcome of the internal control monitoring taking place in each Directorate;
- The reports on control results from entrusted entities as well as the result of the Commission supervisory controls on the activities of these bodies;
- The contribution of the Director in charge of risk management and internal control, including the results of internal control monitoring at Directorate-General level;
- The reports on recorded exceptions, non-compliance events and any cases of confirmation of instructions (Article 92.3 FR);
- The results of the ex-post audits;
- the observations and recommendations reported by the Internal Audit Service (IAS);
- The observations and recommendations reported by the European Court of Auditors (ECA).

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 CONNECT.

### **B) Financial Regulation: Additional reporting requirements resulting from the 2018 and 2024 revisions.**

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

1. Cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3): No such cases;
2. Cases of "confirmation of instructions" (FR art 92.3): No such cases;
3. Cases of financing not linked to costs (FR art 125.3): in 2025, five Horizon Europe grants were awarded with a EU contribution in the form of financing not linked to costs.
4. Financial Framework Partnerships >4 years (FR art 131.4): No such cases;

5. Cases of flat-rates >7% for funding indirect costs (FR art 184.6): There were no cases of flat rates >7% for indirect costs in 2025 <sup>(54)</sup> other than those allowed under *Horizon 2020* and *Horizon Europe* Rules for Participation <sup>(55)</sup>, providing that indirect eligible costs are determined by applying a flat rate of 25% of the total direct eligible costs (FR art 184.6);
6. Derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation: There were three cases in respect of *Horizon Europe* and ten cases in respect of *Digital Europe*; no costs incurred prior to the date of submission of the grant application were eligible.
7. Cases of financial support to third parties >EUR 60 000 (FR art 207): there were a total of four cases: one under Horizon Europe, two under Digital Europe and one pilot project.
8. Non-financial donations provided in the form of services, supplies or works (FR art 244.3): No such cases.

### C) Table Y on the estimated “cost of controls” at Commission level

#### Overview of department ’s estimated cost of controls at Commission (EC) level:

**- Overview of CNECT's estimated cost of controls at Commission (EC) level**  
The absolute values are presented in EUR

CNECT	Ex ante controls***			Ex post controls			Total	
	(a) EC total costs	(b) related payments Made	(c) Ratio (%)** (a)/(b)	(d)	(e)	(f)	(g)	(h)
Segment of expenditure (as in Table X) / Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
RCS 1: Grants	29,822,820.78 €	522,383,789.04 €	5.71%	818,403.00 €	23,126,013.50 €	3.54%	30,641,223.78 €	5.87%
RCS 2: entrusted entities	4,283,504.55 €	1,320,432,061.78 €	0.32%	- €	- €	0.00%	4,283,504.55 €	0.32%
Entrusted entities - Executive Agencies	2,155,754.55 €	564,549,389.87 €	0.38%	- €	- €	0.00%	2,155,754.55 €	0.38%
Other - procurement, administrative expenses, financial instruments	- €	126,568,505.11 €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>36,262,079.87 €</b>	<b>2,533,933,745.80 €</b>	<b>1.43%</b>	<b>818,403.00 €</b>	<b>23,126,013.50 €</b>	<b>3.54%</b>	<b>37,080,482.87 €</b>	<b>1.46%</b>

#### NON-EXPENDITURE ITEMS \*\*\*\*

CNECT	Ex ante controls***			Ex post controls			Total	
	(a) EC total costs	(b) related amounts	(c) Ratio (%)** (a)/(b)	(d)	(e)	(f)	(g)	(h)
Segment of expenditure (as in Table X) / Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related amounts	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
<b>Only applicable for DGs with non-expenditure items</b>								
Intangible assets	- €	41,126,416.75 €	0.00%	- €	- €	N/A	- €	0.00%
	- €	- €	N/A	- €	- €	N/A	- €	N/A
	- €	- €	N/A	- €	- €	N/A	- €	N/A

\* If the control costs are not attributable to a single RCS and may relate to a 'mix' of expenditure, revenue, assets/liabilities, etc, they may be grouped

\*\* ratio possibly "Not Applicable (N/A)", e.g. if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc

\*\*\* any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be reported in the ex-ante column provided that a footnote clarifies this (their nature + their cost). Example: MS system audits in shared management.

\*\*\*\* These include revenue operations (e.g. assigned revenue, fines, interest); assets (e.g. (in) tangible or financial assets, inventories, treasury) and financial liabilities or 'off balance sheet' items (e.g. employee benefits, guarantees offered or other commitments)

#### Notes to the Table Y

<sup>(54)</sup> FR Article 184.6.

<sup>(55)</sup> Article 29 of Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) and Article 35 Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination.

*(1) Details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG Research and Innovation (Common Implementation Centre; Common Audit Service; Common Policy Centre) for the Research and Innovation family are reported in the annual activity reports of REA and DG Research and Innovation. Similarly, for Digital Europe, HaDEA is carrying out the ex-post audits for the programme's implementing bodies, hence the cost of ex post controls incurred in HaDEA in respect of Digital Europe will be included by the Agency in its annual activity report.*

*(2) The delegated budget entrusted to the four Executive Agencies for which CONNECT is parent DG amounts to EUR 564.55 million. The actual transfer of funds was directly effected by the Commission central service DG Budget.*

*(3) The reporting of cost of control in the tables above is made for the two relevant control systems (RCS) of the DG. The respective payments made are of EUR 522,38 million for RCS 1 Grant Management and of EUR 1 320,43 million for RCS 2 Entrusted Entities. Together they amount to EUR 1 842,82 million, representing 92% of total payments made by the DG during 2025. The remaining EUR 126.67 million are in respect of other various smaller activities for which the DG does not have a specific relevant control system and, hence, does not calculate a cost of control.*

*(4) Details of the estimated cost of the control activities related to payments for salaries and/or missions executed by DG HR/PMO are reported in their respective annual activity report(s).*

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

## **SECTION 1:**

### **Audits from IAS and the ECA**

#### **Internal Audit Service (IAS)**

##### Audits closed during 2025

#### **Audit on IT security risk management**

In January 2025, the Internal Audit Service issued the audit report on IT security risk management (ITSRM) at the Commission. The objective of the audit was to provide assurance on the adequacy of the design, the efficiency and the effectiveness of the ITSRM framework and processes at Commission and Directorate-General level. The IAS selected CONNECT, among other services, as part of the audit scope. The IAS issued three important recommendations and one very important recommendation. The DG accepted all recommendations and developed an action plan that has been assessed as satisfactory by IAS. CONNECT is now implementing it. The very important recommendation concerns “IT security risk management methodologies and tools” and contains 3 components. The first one (“update the IT security risk studies and IT security plans during their next review, to address the issues identified in the findings”) is due at the end of 2027. The second one (“if the update of the risk studies results in residual risks above the defined risk acceptance criteria levels, DG CNECT should formally approve and accept them at the relevant organizational level”) is postponed till end of June 2026 due to a delay a central services level to provide guidance serving as starting point. The third component (“timely implement the IT security measures defined in the security plans”) is due by end of June 2026.

##### State of play of the implementation of IAS recommendations

At the end of 2025, CONNECT has one open "very important" IAS recommendation (see above). The other recommendations are "important". Their implementation is done according to the action plan except when they depend on (delayed) guidance from a corporate service.

#### **European Court of Auditors (ECA)**

##### ECA Audits closed in 2025

#### **Chapter 5 of the ECA’s annual report on the implementation of the EU budget for 2024**

ECA examined and had no comment on the regularity of the information given in the annual activity report of CONNECT.

## **Chapter 12 of the ECA's annual report on the implementation of the EU budget for 2024**

ECA concluded the follow-up audit on the implementation of the [Special Report 09/2021: Disinformation affecting the EU](#). CONNECT was in lead for the implementation of recommendations 4, 5, 6. ECA assessed recommendations 4 and 6 as fully implemented, while considering recommendation 5 as implemented in some respects, since the Commission has not yet adopted an overarching media literacy strategy.

### **Special Report 03/2025 on unjustified geo-blocking**

The audit assessed whether the Commission has properly identified and addressed the challenges and needs of EU customers and online traders in relation to geo-blocking. In addition, the ECA assessed if the Commission supported Member States in implementing the Geo-blocking Regulation, ensured appropriate communication and awareness, and cooperated with national bodies in removing unjustified geo-blocking. Finally, the ECA evaluated if the implementation of the Regulation was properly monitored and if actions were taken to address any issues identified.

The audit resulted in four recommendations. The Commission accepted 3 recommendations and partially accepted 1 recommendation. The partial acceptance was for recommendation #1 (*"The Commission should carry out a study, based on relevant and accurate data, to assess the benefits, challenges and possible risks of extending the scope of the Regulation to the sectors that are currently excluded or, where more appropriate, amending relevant sector-specific regulations"*) because the Commission considers that at this stage there are insufficient indications available to modify its position stated in the context of the first short-term review indicating that barriers to cross-border provision in excluded sectors need to be evaluated and assessed in view of their specific regulatory frameworks, rather than in the context of the horizontal framework of the Geo-blocking Regulation; further information available in the [Commission's reply](#).

On top of recommendation 1, CONNECT was also lead service for the recommendation 2.a (*"The Commission should update its guidance for member state authorities"*). Both recommendations are under implementation, with target implementation date end of 2026.

### **Special Report 01/2025 on EU's strategy for microchips**

This audit assessed how EU industrial policy has supported the strengthening of the European microchip industry's strategic autonomy.

The audit resulted in two recommendations, which the Commission partially accepted. The reason for the partial acceptance of recommendation 1a (*"The Commission should, in close cooperation with both the member states and the industry: urgently carry out a reality check on the Chips Act to assess whether the ambitions and targets that it contributes to remain realistic in view of the resources available to achieve them, global competition, as well as other crucial factors, such as energy cost and dependence on raw materials"*) was due to the target date because the Commission cannot commit to perform this reality check by the end of 2025, as recommended by ECA. Concerning recommendation 2 (*"The Commission should, in close*

cooperation with both member states and the industry, start preparing the next semiconductor strategy”), the Commission partially accepted it, as it cannot prejudge the content, scope or timing of future legislative proposal. Further details are available on the [Reply of the European Commission to the ECA](#).

Sub-recommendation 1b (“The Commission should, in close cooperation with both the member states and the industry where applicable, take appropriate short-term corrective action needed to help achieve the strategic objectives”); and 1c (“The Commission should, in close cooperation with both the member states and the industry introduce systematic monitoring to identify as early as possible any impediments to achieving the objectives of the current (and any future) microchip strategy, as well as mechanisms for prompt remedial action”) were implemented within the target implementation date of end of 2025, while the remaining recommendations 1a and 2 have target implementation date during 2026.

State of play of the implementation of ECA recommendations

On top of the recommendations reported under point 2.2 of the annual activity report, where CONNECT was in lead for the special reports, CONNECT is also in lead for recommendations stemming from ECA Special Reports where other Commission services are in lead.

CONNECT implemented all the below ECA recommendations for which the target implementation date was due.

Audit report	Accepted recommendation	Recommendation
<b>Special report 03/2022: 5G roll-out in the EU</b>	1(a)	The Commission should together with Member States, develop a common definition of the expected quality of service of 5G networks, such as the performance requirements it should offer in terms of minimum speed and maximum latency;
	1(b)	The Commission should encourage Member States to include the 2025 and 2030 objectives for 5G deployment, and the measures that will be needed to achieve them, in the next updates of their 5G/digital strategies or broadband plans;
	1(c)	The Commission should support Member States in addressing spectrum coordination issues with neighbouring non-EU countries, for example by advocating that the topic is on the agenda of each relevant meeting.
	2(a)	The Commission will assess, together with Member States, the need for further action or support, for instance in the form of guidance related to certain aspects of the EU Toolbox.
	2(b)	Foster a concerted approach to 5G security among Member States. The monitoring and reporting exercise will be done by the Commission, in full collaboration with Member States and ENISA.
	2(c)	Foster a concerted approach to 5G security among Member States. Together with Member States, assess for which aspects of 5G networks security there is a need for specifying enforceable requirements and, where appropriate, initiate legislation.
	3(a)	The Commission should promote a transparent and consistent approach regarding the Member States’ treatment of MNOs’ costs for replacing 5G equipment purchased from high-risk vendors by regularly monitoring and reporting on this issue within the implementation of the EU toolbox on 5G cybersecurity.

	3(b)	The Commission should assess what the impact on the single market would be of a Member State building its 5G networks using equipment from a vendor considered to be high-risk in another Member State.
<b>Special Report 24/2022: e-Government actions targeting business</b>	1(b)	The Commission should encourage further development of e-Government services and their monitoring by analysing the Digital Decade national roadmaps and taking the necessary action if it judges that the policies, measures and actions set out therein are insufficient, putting at risk the timely achievement of the targets set in the Decision;
	1(c)	the Commission should encourage further development of e-Government services and their monitoring by taking action if Member States experience delays in attaining the digital targets when compared to their planned trajectories
	2	The Commission should develop a comprehensive strategy to promote e-Government services effectively, based on an assessment of the level of awareness of available e-Government services among users. The strategy should take account of activities undertaken in this regard by Member States in order either to facilitate their efforts or to ensure efforts are not duplicated.
<b>Special Report 08/2024 EU Artificial Intelligence ambition</b>	1(a)	The Commission should re-assess and justify investment targets, based on adequate data, considering international and technological developments and the national investment needs of both the public and private sectors;
	1(c)	The Commission should regularly monitor the progress of the EU AI Plan
	3	With a view to facilitating SME access to AI facilities across the EU, the Commission should ensure that EU-funded AI innovation infrastructure operates in a coordinated way with a single access point

State of play of the rejected ECA recommendations

Audit report	Rejected recommendation	Rationale for the rejection
<p><b>Special Report 08/2024 EU Artificial Intelligence ambition</b></p>	<p>1(b) The Commission should strengthen the EU AI Plan's coordination tools by agreeing on national AI investment targets in the next revision of the EU AI Plan. In doing so, the Commission should use the tools available under the Digital Decade Policy Programme where appropriate</p>	<p>The Commission does not accept this recommendation.</p> <p>Member States have a major responsibility of contributing to the overall EU investment targets in AI. This is why the Commission is closely monitoring the AI investment progress on national level. National targets might however lead to increased fragmentation. Member States may also risk duplicating among themselves research and investment efforts in “popular” areas (e.g., generative AI) leading to inefficiencies. This would not be an optimal use of resources, as collaborative efforts could lead to better outcomes through pooled resources.</p> <p>National investment targets may lead to some (less popular but still important) AI-relevant areas receiving too little attention. EU targets would allow for larger investment pools, incentivising larger collective projects, resulting in economies of scale in various sectors and a better allocation of resources according to comparative advantages. For example, training and operation of powerful AI systems usually require enormous computational resources that are expensive and in turn require extensive infrastructure. By pooling resources and coordinating at EU level, it is possible to achieve greater computational capacity and improved efficiency in the use of such facilities. Initiatives such as the European High Performance Computing Joint Undertaking (EuroHPC JU), which offers a European network of cutting-edge supercomputers, exemplify this approach. Common investment targets also encourage healthy competition, efficiency improvements and better investment strategies, benefitting the entire EU. They also promote alignment of economic goals facilitating coordination in policy making, regulatory frameworks and governance, fostering cooperation and competitiveness across the EU, enhancing investor confidence across the region.</p> <p>Therefore, instead of defining prescriptive national investment targets, the Commission and Member States should further work towards revised EU targets, as done in the Digital Decade Policy Programme.</p>

Audit report	Rejected recommendation	Rationale for the rejection
	<p style="text-align: center;">2</p> <p>To enhance the accessibility and scale of EU capital support for AI-innovative SMEs established in the EU, the Commission should evaluate the need for a targeted financing scheme within the current programmes</p>	<p>The Commission does not accept this recommendation.</p> <p>Existing EU programmes, instruments and funding schemes, such as the EIC or the Digital Europe Programme, provide significant direct capital support and support via access to digital infrastructure for AI startups and SMEs. For instance, the EIC provided equity support to AI deep-tech companies for EUR 550 million between 2018-2023. In addition, in 2024, the Commission decided to focus the InvestEU equity product on Strategic Digital Technologies on AI to contribute to the AI investment ecosystem (see above: Commission replies Section II, paragraph 2).</p> <p>AI policy support is spread throughout multiple EU programmes, whilst respecting the flexibility needed to react to specific and ad-hoc priorities within each funding programme and the EU budget as a whole.</p> <p>The Commission recognises that further enhancing accessibility and scale of capital support for AI innovative SMEs established in the EU is in line with the political objective of the Commission to stimulate access to capital on the European market, with a view to enabling innovation and keeping excellent startups. Compared to other world-leading financial markets, the EU capital market is less mature and more risk averse and therefore the Commission is currently addressing this issue.</p> <p>As generative AI companies need substantial amounts of funding without a guarantee that they will succeed on the market, the Commission aims to continue improving investment conditions on the European market for thriving AI ecosystems. A concrete action that has already been taken in response to this issue, is the adoption of the AI Startups and Innovation Package (see Section II. paragraph 2.), which makes the EU a more attractive place for Artificial Intelligence startups by facilitating access to world-class computing power and to data spaces, and by supporting talent. The AI Package also recalls the important role of the European Innovation Council, which already provided significant grants as well as direct and indirect capital support to AI startups and SMEs and will continue to do so, and further strengthens investment through the InvestEU guarantee.</p> <p>The Commission is creating the right framework conditions for thriving AI ecosystems and implementing the already available EU funding schemes. The Commission does not consider that the evaluation of the need for a targeted financing scheme within the current programmes would be efficient from a budget management perspective as the creation of a targeted financing scheme would reduce flexibility, potentially overlap with other schemes and increase administrative costs.</p> <p>Therefore, the recommendation cannot be accepted.</p>

Discharge recommendations open at the end of 2025

At the end of 2025, there were no open recommendations from the European Parliament or the Council, with CONNECT as lead service.

## SECTION 2:

### **Additional information on the assessment of the effectiveness of internal control systems (Section 2.3 of the AAR)**

#### **Assessment of the internal control monitoring criteria**

CONNECT established the Internal control monitoring criteria to allow the DG to effectively monitor and assess its internal control system and, on that basis, to build on its strengths and to address its weaknesses.

The DG's review of the internal control monitoring criteria was conducted in January and February 2026. The lead units responsible for each indicator of the different internal control principles were asked to report. Where needed, lead services were contacted for further input.

The conclusion of the assessment was positive with a few findings to principles 4, 6, 10 and 12. They are considered minor and do not impact the overall conclusion. Remedial actions are already developed, in place and implementation is monitored.

#### **Register of deviations**

The DG has a system in place to ensure the recording of exceptions and non-compliance events to procedures/rules through a process of justification by the initiating service, approval by the Director and/or Director-General and the maintenance of a central register. Such events do not automatically represent a weakness in controls, as they could be the result of many factors. Nevertheless, such events are recorded and analysed to find indications of possible underlying systemic weaknesses.

In 2025, a total number of 14 deviations were reported; all were non-compliance events. The assessment of potential risks resulting from the deviations did not reveal any significant control weaknesses. CONNECT will however continue to reinforce internal control principle 10 "*Selects and develops control activities*" through mitigating actions either by deploying additional controls when missing or by increasing supervision from line management for the cases of non-implementation.

#### **Internal Audit Service (IAS) and European Court of Auditors (ECA) audit recommendations**

CONNECT continued its pro-active supervision and frequent reporting on the state of implementation of the audit recommendations. The state of implementation of the IAS and ECA recommendations is regularly reported to senior management. As a result of the assessment of the risks linked to the auditors' observations together with the management measures taken or planned in response to those recommendations, CONNECT concluded that the recommendations issued by the IAS and ECA did not raise any critical assurance issues.

In January 2025 and linked to the issuance of the IAS audit report on IT security risk management at the Commission, and the related very important recommendation, a minor deficiency was associated to the internal control principle 11 'The Commission selects and develops general control activities over technology to support the achievement of objectives' (more specifically, part of one characteristic: 'Security of IT systems') in the context of the 2024

CONNECT annual activity report. For the 2025 CONNECT annual activity report, this minor deficiency is gradually addressed through the implementation of an action plan; part of one sub-action is already done. The target dates are end 2027 for the first sub-action and June 2026 for the other two. The delays are due to a needed corporate guidance.

### **Risk Management**

During 2025, CONNECT's risk register has been regularly reviewed by the responsible Directorates, enabling senior management to monitor the evolution of the reported risks as well as to react to changes. No critical risks were identified.

Where necessary and possible, risk mitigating measures were established. Their implementation will be the object of careful attention.

### **Overview of the main internal control issues**

In their 2025 directorate management reports, all CONNECT Directors reported reasonable assurance for the activities under their responsibility and that suitable controls were in place and working as intended. However, one reported weakness concerns all directorates implementing Horizon Europe and/or Digital Europe grants. The weakness relates to the estimated error rates as at 31/12/2025 for grants implemented under the two programmes implemented by the DG in direct management, which are exceeding the materiality threshold of 2% for legality and regularity of transactions and impact the internal control principle 10 "*Selects and develops control activities*".

### **Conclusion**

CONNECT has concluded that its internal control system during the reporting year is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 4 "The Commission demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives", principle 6 "*The Commission specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives*", principle 10 "*Selects and develops control activities*", principle 11 "*The Commission selects and develops general control activities over technology to support the achievement of objectives*", principle 12 "*Deploys [controls] through policies and procedures*". Mitigating actions are being developed and put in place to address these minor deficiencies.

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

## A. Annex related to "Control results" – Table X: Estimated risk at payment and at closure

Table X: Estimated risk at payment and at closure

DG CNECT	Payments made (2025,MEUR)	minus new prefinancing [plus retentions made] (in 2025,MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2025,MEUR)	Relevant expenditure (for 2025,MEUR)	Detected error rate or equivalent estimates	Estimated risk at payment (2025,MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	Estimated future corrections [and deductions] (for 2025,MEUR)	Estimated risk at Closure (2025,MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
RCS 1 - Grants - Horizon Europe	234.67	- 135.29	173.21	272.59	4.38% - 4.38%	11.94 - 11.94	0.32% - 0.32%	0.87 - 0.87	11.07 - 11.07
RCS 1 - Grants - Horizon 2020	42.34	0.00	179.58	221.92	3.83% - 3.83%	8.50 - 8.50	2.05% - 2.05%	4.55 - 4.55	3.95 - 3.95
RCS 1 - Grants - Digital Europe Programme	204.02	- 148.14	59.20	115.08	4.38% - 4.38%	5.04 - 5.04	0.32% - 0.32%	0.37 - 0.37	4.67 - 4.67
RCS 1 - Grants - Creative Europe-Media	0.35	- 0.20	0.00	0.15	1.50% - 2.00%	0.00 - 0.00	0.18% - 0.18%	0.00 - 0.00	0.00 - 0.00
RCS 1 - Grants - Pilot Projects and Preparatory Actions (PP/PA)	19.65	- 9.23	6.56	16.98	3.00% - 3.00%	0.51 - 0.51	0.18% - 0.18%	0.03 - 0.03	0.48 - 0.48
RCS 1 - Grants - Other Grants (e-comm multimedia prerogative)	21.35	- 10.91	2.90	13.34	1.50% - 2.00%	0.20 - 0.27	0.18% - 0.18%	0.02 - 0.02	0.18 - 0.24
RCS 2 - AAL - Horizon 2020 - Delegation agreement	8.82	- 8.55	32.49	32.77	3.83% - 3.83%	1.26 - 1.26	2.05% - 2.05%	0.67 - 0.67	0.58 - 0.58
RCS 2 - EU Decentralised agencies - Subsidies	35.07	- 35.07	33.97	33.97	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
RCS 2 - Digital Europe Programme - Contribution agreement to ENISA	28.06	- 28.06	5.11	5.11	0.50% - 0.50%	0.03 - 0.03	0.00% - 0.00%	0.00 - 0.00	0.03 - 0.03
RCS 2 - Horizon 2020 - Contribution agreement to EuroHPC JU	16.00	0.00	0.00	16.00	3.83% - 3.83%	0.61 - 0.61	2.05% - 2.05%	0.33 - 0.33	0.28 - 0.28
RCS 2 - Horizon Europe - Contribution agreement to EuroHPC JU	3.37	- 3.37	0.00	0.00	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
RCS 2 - Digital Europe Programme - Contribution agreement to EuroHPC JU	5.13	- 5.13	63.27	63.27	4.38% - 4.38%	2.77 - 2.77	0.32% - 0.32%	0.20 - 0.20	2.57 - 2.57
RCS 2 - Horizon Europe - Contribution agreement to Chips JU	509.93	- 509.93	616.63	616.63	4.38% - 4.38%	27.01 - 27.01	0.23% - 0.23%	1.42 - 1.42	25.59 - 25.59
RCS 2 - Digital Europe Programme - Contribution agreement to Chips JU	221.41	- 221.41	0.00	0.00	4.38% - 4.38%	0.00 - 0.00	0.23% - 0.23%	0.00 - 0.00	0.00 - 0.00
RCS 2 - Horizon Europe - Contribution agreement to SNS JU	124.23	- 124.23	227.97	227.97	4.38% - 4.38%	9.99 - 9.99	0.27% - 0.27%	0.62 - 0.62	9.37 - 9.37
RCS 2 - Digital Europe Programme - Contribution agreement to ECCC	191.30	- 191.30	69.55	69.55	4.38% - 4.38%	3.05 - 3.05	0.32% - 0.32%	0.22 - 0.22	2.82 - 2.82
RCS 2 - Horizon Europe - Contribution agreement to ECCC	55.00	- 55.00	13.76	13.76	4.38% - 4.38%	0.60 - 0.60	0.32% - 0.32%	0.04 - 0.04	0.56 - 0.56
RCS 2 - Digital Europe Programme, Creative Europe, Electronic Communications - Contribution agreement to ESA, EAO, EUMETSAT, ECMWF, UN	121.63	- 121.24	76.93	77.32	0.50% - 0.50%	0.39 - 0.39	0.00% - 0.00%	0.00 - 0.00	0.39 - 0.39
RCS 2 - Financial instruments – EIF - Cultural and Creative Sectors Guarantee Facility (CCS GF)	0.47	0.00	0.00	0.47	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Financial Instruments - Connecting Europe Broadband Fund (CEBF)	9.01	0.00	0.00	9.01	0.50% - 0.50%	0.05 - 0.05	0.00% - 0.00%	0.00 - 0.00	0.05 - 0.05
Procurement	107.36	0.00	0.00	107.36	0.50% - 0.50%	0.54 - 0.54	0.00% - 0.00%	0.00 - 0.00	0.54 - 0.54
Other and Administrative expenditure	36.95	0.00	0.00	36.95	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
<b>DG total</b>	<b>1 996.14</b>	<b>-1 607.07</b>	<b>1 561.14</b>	<b>1 950.21</b>		<b>72.47 - 72.54</b>	<b>0.48% - 0.48%</b>	<b>9.35 - 9.35</b>	<b>63.12 - 63.19</b>
					<b>Overall risk at payment in %</b>	<b>3.72% - 3.72%</b> (7) / (5)		<b>Overall risk at closure in %</b>	<b>3.24% - 3.24%</b> (10) / (5)

### Notes to the table X

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

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). Pre-financing paid/cleared" are always covered by the Delegated departments.

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

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

(6) In this column, we disclose the detected error rates or equivalent estimates.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure*), the rate which should be used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence.

Similarly, the subsidies given by partner DGs to decentralised agencies as part of their establishment and core tasks are considered error-free types of expenditure and the rate which should be used is 0%.

(7) The adjusted average recovery and corrections percentage is based on the 7 years historic Average of Recoveries and financial Corrections (ARC) (i.e., 0.18%), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls. The AOD *has adjusted* this historic average to take into account any ex-ante elements, one-off events, (partially) cancelled or waived Recovery Orders, and other factors from the past years that would no longer be relevant for the current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) or that corresponded to exceptional situations in order to come to the best and most conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes. In particular, for Horizon programmes, the average recoveries and corrections is calculated as the difference between the detected error rate and the residual error rate. This is in line with the method used by the research family DGs. Where no recoveries are expected (e.g. administrative expenditure, procurement) a 0% rate was cautiously used.

The average amount of the implemented corrections over the past 3 years (2023-2025) is EUR 1.70 million (0.1% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of EUR 9.41 million (0.7% of the average amount of relevant expenditure of that period). Ex post audits for the programmes of the current MFF implemented by CONNECT will be finalised and their results will be implemented in the years to come (the audit campaigns started in 2024), leading to future corrections. In the first years of the programmes of the current MFF, there was not a meaningful number of payments available for audit, and consequently there were no implemented corrections. The afore mentioned implemented corrections over the past 3 years are in part in respect of the legacy programmes.

A correlation between the average amount of the implemented corrections and the average amount of estimated future corrections should be regarded with caution considering that the implemented corrections were made only in respect of audited grant management in CONNECT's portfolio (mainly in respect of H2020 in 2023 and 2024) while the future corrections were estimated in respect of all items of expenditure in CONNECT's portfolio (i.e. overall relevant expenditure). The estimation of the future corrections has been made using the best professional judgement to adjust the 7 years historic Average of Recoveries and financial Corrections (ARC) provided by DG BUDG (i.e., 0.18%), or as explained above under footnote 7.

(8) 'Administrative expenditure' includes administrative expenses related to salaries and/or missions previously reported by the PMO and/or DG HR. More information can be found in annexes 6 and 7.

## B. Reservations

### Horizon Europe

<b>DG</b>	Directorate-General for Communications Networks, Content and Technology
<b>Title of the reservation, including its scope</b>	Reservation concerning the rate of the residual error within grant payments in the <b>Horizon Europe Framework Programme</b> , implemented directly and indirectly by CONNECT.
<b>Domain</b>	Direct and indirect management – grants Horizon Europe
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	RCS 1 - Grants RCS 2 – Entrusted entities  <b>Scope Amount (Annual payment of segment): EUR 923.83 million</b>
<b>Reason for the reservation</b>	At the end of 2025, the residual error rate is significantly above the 2% materiality threshold foreseen for the multi-annual period.
<b>Materiality criterion/criteria</b>	The materiality criterion is the residual error rate, defined as the level of errors that remain undetected and uncorrected by the end of the management cycle. The control objective is to ensure that the residual error rate in the overall population is below 2% at the conclusion of the management cycle. If the residual error rate remains above 2% at the end of a reporting year within the Framework Programme's management lifecycle, a reservation will be made.
<b>Quantification of the financial impact (amount at risk)</b>	Quantified Relevant Expenditure of the Segment: EUR 1 130.94 million Amount at Risk (Financial exposure/impact): EUR 46.59 million Financial exposure/impact (in Percentage): 2.33%  Residual Error Rate: 4.06% for CONNECT and ECCC, 4.11% for SNS JU and 4.15% for Chips JU
<b>Impact on the assurance</b>	Legality and regularity of the affected transactions (interim payments and balance payments).
<b>Responsibility for the weakness</b>	Most of the errors relate to incorrect claims for actual personnel costs, mainly due to beneficiaries' incorrect application of the Horizon Europe rules, despite the introduced simplifications. Newcomers and small and medium-sized enterprises (SMEs) are more prone to errors compared to more experienced or larger beneficiaries. Due to the relatively small number of ex-post audits and technical reviews completed by the end of 2025, the error rate calculation is highly sensitive to few extreme results. Excluding the latter cases, the Representative Error Rate would be below the materiality threshold of 2%.

<b>Responsibility for the corrective action</b>	The action plan focuses on outreach, training, and increased use of lump sums. These actions are designed to minimise errors by enhancing participant understanding and simplifying financial reporting. This includes outreach events addressing participants directly or through the Legal and Financial National Contact Points as well as trainings for EU staff to help them support beneficiaries in the best possible way. In addition, the roll-out of lump sums in Horizon Europe will continue, reaching a 50% share in the call budget by 2027. At this level, lump sums are expected to lower the programme's error rate significantly. These actions are all ongoing and will continue throughout Horizon Europe. The services responsible for these actions are in RTD and CONNECT.
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## Digital Europe

<b>DG</b>	<b>Directorate-General for Communications Networks, Content and Technology</b>
<b>Title of the reservation, including its scope</b>	Reservation concerning the rate of the residual error within grant payments in the <b>Digital Europe programme</b> , implemented directly and indirectly by CONNECT.
<b>Domain</b>	Direct and indirect management – grants Digital Europe
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	RCS 1 - Grants RCS 2 - Entrusted entities <b>Scope Amount (Annual payment of segment): EUR 621.86 million</b>
<b>Reason for the reservation</b>	At the end of 2025, the residual error rate is significantly above the 2% materiality threshold foreseen for the multi-annual period.
<b>Materiality criterion/criteria</b>	The materiality criterion is the residual error rate, defined as the level of errors that remain undetected and uncorrected by the end of the programme cycle. The control objective is to ensure that the residual error rate in the overall population is below 2% at the conclusion of the programme cycle. If the residual error rate remains above 2% at the end of a reporting year within the Digital Europe Programme lifecycle, a reservation will be made.
<b>Quantification of the financial impact (amount at risk)</b>	The error rate for 2025 is calculated on basis of a small number of audits (20 audits, 23 participations). It is not representative and should be considered with caution. Hence the error rate calculated for the Horizon Europe programme which has similar eligibility criteria and similar beneficiaries is used for the calculation of the amount at risk. Quantified Relevant Expenditure of the Segment: EUR 247.91 million Amount at Risk (Financial exposure/impact): EUR 10.07 million Financial exposure/impact (in Percentage): 0.50% Residual Error Rate: 4,06% for CONNECT, EuroHPC and the ECCC; 4.15% for Chips JU
<b>Impact on the assurance</b>	Legality and regularity of the affected transactions (interim payments and balance payments).

<b>Responsibility for the weakness</b>	<p>The errors with highest financial impact were primarily identified in the personnel cost category. Additional errors were found in other areas such as internal invoicing and equipment costs.</p>
<b>Responsibility for the corrective action</b>	<p>The audit campaigns started and in line with the Digital Europe Audit strategy, HaDEA performed the audit of 23 participations covering 8,8 Mio EUR EU contribution.</p> <p>Information campaigns were organised. In particular, during the meetings with the National Contract Points of 25 June 2025 and 24 October 2025, CONNECT provided training on cost reporting with a specific focus on aspects which can be a source of errors.</p> <p>Since the beginning of the programme, the Annotated Model Grant Agreement was regularly updated to include relevant guidance on the correct management of the grants.</p> <p>CONNECT also explored the possibilities of a wider use of lump sums for Digital Europe grants given that lump sums are considered as an important tool to reduce financial errors, achieve simplification and cut administrative burden.</p> <p>CONNECT will continue working on improved guidance and training. NCP training and info sessions will continue to be organised.</p> <p>On a regular basis, HaDEA will perform an analysis of the audit findings deriving from the execution of the ex post audit strategy and share it with CONNECT and the DEP stakeholders. The aim is to identify and correct errors earlier in the project lifecycle, draw attention to relatively riskier areas, in view to aim to prevent errors, improve the ex ante controls and ultimately reduce the residual error rates of the programme.</p>

## 1. Reservations not issued or lifted in 2025 due to the application of the 'de minimis' threshold.

Since 2019 <sup>(56)</sup>, a 'de minimis' rule for financial reservations has been introduced. Quantified reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a CONNECT's total payments and with a financial impact below EUR 5 million. For the reporting year, CONNECT has identified one such case:

For the Pilot Projects and Preparatory Actions segment, the estimated residual error rate at the end of 2025 was at 3%, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of the 'de minimis' rule are met, since the share of the segment represents 0.98% of the total payments of CONNECT and also the financial impact is low, at EUR 0.51 million. In addition, the weaknesses identified are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. Management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. Considering all the above CONNECT has decided not to issue a quantified financial reservation.

Given the amounts involved, the application of the 'de minimis' rule has no effect on the reservations of CONNECT for 2025.

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<sup>(56)</sup> Agreement of the Corporate Management Board of 30/4/2019.

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

## Human Resource management

<b>Objective:</b> CONNECT employs a skilled, diverse and motivated workforce to deliver on the Commission's priorities			
<b>Indicator 1: Percentage of female middle managers</b>			
<b>Source of data:</b> SYSPER			
<b>Baseline (2023)</b>	<b>Target (2029)</b>	<b>Latest known results</b> (situation on 31/12/2025)	
51%	maintain at least 50%	53%	
<b>Indicator 2: Staff engagement index</b>			
<b>Source of data:</b> Commission staff survey [data to be provided by DG HR]			
<b>Baseline (2023)</b>	<b>Target (57)</b> <b>(2029)</b>	<b>Latest known results(58)</b> (situation on 31/12/2025)	
73%	maintain	New staff engagement index (2025) 77% Old staff engagement index (2023): -3 percentage points	
<b>Main outputs in 2025:</b>			
<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
<b>Gender balance in CONNECT</b>			
Local female talent development programme	Launch of a local female talent development programme	Yes	Yes

(57) The Commission baseline score for the Staff Engagement Index is 73% (based on the 2023 staff survey results).

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

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Participation to corporate female talent development programme	Maximum female participation to corporate management development programme	At least 50% of women under the CONNECT quota	Yes: out of the 3 quotas assigned to CONNECT, 2 were women (67%)
Close monitoring of gender statistics in pre-management positions by CONNECT's HR Committee	Number of women in middle management positions (baseline: situation on 01/01/23 (51%))	>50%	53% (out of 38 filled middle management positions)
Active diversity & inclusion (D&I) network	Organisation of 2 local D&I sessions and 1 D&I conference	Yes	Yes
<b>Staff Engagement Index</b>			
Follow-up action plan in response to the 2023 corporate staff satisfaction survey	Implementation of Staff Survey Follow-Up action plan	Yes	Yes
'We are CONNECT' staff engagement campaign	Number of We Are CONNECT newsletters	8	Yes
CONNECT University sessions	Number of CONNECT University sessions	15 CONNECT University sessions and 1 CONNECT University School	Yes: 24 regular CONNECT University sessions and 1 CONENCT University School (incl. 7 sessions)
<b>Skills gap</b>			
Targeted calls for expression of interest will be launched in order to attract the necessary profiles to deliver on the implementation of the Digital Services Act and the Artificial Intelligence Act	Number of additional recruitments of external staff to work on the implementation of the Digital Services Act and the Artificial Intelligence Act	Increase of 100 external staff (50 for DSA and 50 for AI) over 2025	Yes: increase of 112 external staff (68 for DSA and 44 for AI) over 2025

## Digital transformation and data management

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

**Indicator 1: Digital Culture: % of statutory staff that has completed at least one IT training course** <sup>(59)</sup>

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

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known results</b> (situation on 31/12/2025)
37,11%	41% [% increase compared to baseline]	43% [% increase compared to baseline]	39,72%

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

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

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known results</b> (situation on 31/12/2025)
59%	60%	65%	59%

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

**Source of data:** DG CONNECT

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known results</b> (situation on 31/12/2025)
Developing	Established	Advanced	Established

<sup>(59)</sup> This KPI will be accompanied by an informative package that will be shared in AAR templates on a yearly basis. The package will include: (i) link to implementing guidelines – list of training courses available in EU Learn; and (ii) dedicated instructions on how to register a new training course in EU Learn (when this is organised at DG level directly by the DG), in order to record the actual number of participants and sessions.

**Indicator 4: Compliance indicator <sup>(60)</sup>: percentage of staff trained on data protection compliance combined with the percentage of public records of processing operations reviewed within the last two years.**

**Source of data:** DGCONNECT Data protection records management system

<b>Baseline (2024)</b>	<b>Interim milestone (2027)</b>	<b>Target (2029)</b>	<b>Latest known results</b> (situation on 31/12/2025)
100%	90%	100%	100%

**Main outputs in 2025:**

**Digital transformation**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
<b>Digital Culture</b> Staff following at least one IT training, including cybersecurity Performance of staff on phishing exercise	% of staff that completed at least one IT training	40% (baseline 37% in 2024)	39%
	Percentage of click rate	Click rate < 20%	22%
<b>Business-driven Digital Transformation</b> AI technical capabilities implemented across systems	Number of AI technical capabilities implemented across systems	5 systems (baseline 3)	6 systems use AI technical capabilities
<b>Seamless Digital Environment</b> Projects using reusable solutions IT system using cloud against datacentre	Percentage of project using reusable solutions	55% (baseline 48%)	Projects using reusable solutions: 57%
	Percentage of IT systems using cloud against datacentre	65% (baseline 58%)	IT Systems using cloud against datacentre: 54%
<b>Green, Resilient and Secure Digital Infrastructure</b> IT System with an updated security plan	Percentage of systems with updated security plan	100%	95%

<sup>(60)</sup> The compliance indicator is calculated with a 50% weight attributed to the following two values: first, the number of public records with a publication date within the last 2 years / public records of the department. Second, the percentage of staff in the department who have attended data protection awareness-raising activities”.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Tracking the adherence of your DG to the objective for 100% attestation of compliance for the 55 IT priority controls for all CIS until end of 2024.	Percentage of systems with GRC attestation	100%	100%
<b>Data management</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Staff following data management trainings	Percentage of staff following at least one data management training	15%	n/a <sup>(61)</sup>
Staff following documents management trainings	Percentage of staff following at least one document management training	30%	15% <sup>(62)</sup>
<b>Data protection</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Creation of records for newly identified data processing activities	Percentage of new records created for newly identified data processing activities	100%	100% <sup>(63)</sup>
DPC to organise training sessions	Number of training sessions	2 sessions	7 sessions
	% of staff trained on the requirements of Regulation (EU) 2018/1725	100%	100% <sup>(64)</sup>
Signature of agreements with external processors	Percentage of agreements signed	100%	100%

<sup>(61)</sup> This indicator could not be quantified due to gaps in the training participation dataset.

<sup>(62)</sup> The target was overestimated and did not reflect the actual share of staff requiring training in document management.

<sup>(63)</sup> Whenever CONNECT identified the need for a new data protection record, it created it in DPMS (though some records have not been adopted yet).

<sup>(64)</sup> CONNECT considers all staff to be trained in line with the target set in the DPO Action Plan, and has since offered various trainings, in particular for newcomers in CONNECT (data protection has notably become part of all sessions CONNECT organises for newcomers).

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Handle requests from data subjects to exercise their rights in respect of the established procedures	Percentage of data subject's requests handled	100%	100%

## Sound environmental management

**Objective:** Reaching climate neutrality by 2030 and a reduced environmental footprint for the Commission.

**Indicator:** % reduction in emissions from staff professional travel (t CO<sub>2</sub>eq).

**Source of data:** DG/department emissions report from Mips+

Baseline (2019)	Target (2030)	Latest known results (situation on 31/12/2025)
1.087 tCO <sub>2</sub> eq <sup>(65)</sup>	50% of reduction (baseline 2019)	For 2025 the emission were 542 tCO <sub>2</sub> eq, representing a 50.1% reduction compared to the baseline.

### Main outputs in 2025 <sup>(66)</sup>:

Description	Indicator	Target	Latest known results (situation on 31/12/2025)
Actions to reduce emissions from staff missions	1 internal communication campaign organised	Q4 2025	No
Emissions from experts' travel under the administrative budget	1 action organised to reduce experts' travel	Q4 2025	No, postponed to 2026

<sup>(65)</sup> As of 2025 emission from professional travel is measured through the Qlik Sense dashboard, hence the baseline has been changed to reflect the new tool.

<sup>(66)</sup> Certain planned actions related to sound environmental management were not carried out within the reporting period due to operational constraints, including limited time, resource prioritisation, and scheduling conflicts. In some cases, actions were postponed to align with upcoming activities or to ensure a more efficient and coordinated implementation. These actions have not been cancelled and are expected to be addressed in the next reporting cycle, with appropriate adjustments to planning and resource allocation.

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2025)
Energy saving actions	BEST action to reduce building emissions organised during winter break CONNECT offices shared with DG Competition during summer months in the context of BEST	Yes  Yes	Yes  Yes
Staff awareness actions	1 awareness session organised for CONNECT staff	Q4 2025	No, postponed to 2026

# ANNEX 11: Implementation through non-EU entrusted entities <sup>(67)</sup> and/or through EU Trust Funds

## Active and Assisted Living (AAL II) Joint Programme

1. Programmes concerned	H2020 Societal Challenges – Health, demographic change and well-being
2. Annual budgetary amount entrusted /payments made	EUR 8.82 million
3. Duration of the delegation	2014-2027
4. Justification of recourse to indirect centralised management	Required by co-decision <sup>(68)</sup> by the European Parliament and the Council concerning the Community participation in the AAL Joint Programme (represented by the AAL Association, an International ASBL under Belgian Law)
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc):	Set out in co-decision by the European Parliament and the Council on the participation of the Union in the AAL Programme jointly undertaken by several Member States
6. Summary description of the implementing tasks entrusted.	<p>The AAL JP shall implement the following tasks set out in the co-decision by the European Parliament and the Council <sup>(69)</sup>:</p> <ol style="list-style-type: none"> <li>1. Support market-oriented research and innovation projects for active and healthy ageing, which shall demonstrate the capability to exploit the project results within a realistic time frame; the financing of those indirect actions under the AAL Programme shall mainly take the form of grants. It may also take other forms such as prizes, pre-commercial procurement, and public procurement of innovative solutions.</li> <li>2. Implement actions for the purposes of brokerage, programme promotion, in particular outreach activities to countries not currently participating in the AAL Programme, actions to raise awareness of the current capabilities, foster deployment of innovative solutions and connect supply and demand side organisations and facilitating access to finance and investors may be supported.</li> <li>3. Draw up and implement annual work plans identifying forms of funding and topics for calls for proposals.</li> <li>4. Consult with relevant stakeholders (including decision-makers from public authorities, user representatives, private-sector service providers and insurance providers as well as industry, including small and medium-sized enterprises) concerning the applied research and innovation priorities to be addressed.</li> </ol>

<sup>(67)</sup> Implementing partners other than EU institutions or Union bodies.

<sup>(68)</sup> Decision 554/2014/EU of 15 May 2014.

<sup>(69)</sup> Annex II of Decision 554/2014/EU of 15 May 2014.

5. Take into account demographic trends and demographic research in order to provide solutions that reflect the social and economic situation across the Union.
6. Take into account the Union's industrial, climate and energy policies. The AAL Programme shall also promote energy efficiency and reflect the need to tackle energy poverty.
7. Due account shall be taken of gender, ethical, social sciences and humanities and privacy issues, in line with the Horizon 2020 principles and rules. Account shall also be taken of relevant Union and national legislation and international guidelines, in particular regarding the rights to privacy and data protection.
8. In line with the close-to-market nature of the AAL Programme and in compliance with the rules set out in Regulation (EU, Euratom) No 966/2012, the AALA shall ensure time-to-grant and time-to-payment in accordance with Regulation (EU) No 1290/2013 and ensure compliance with them by Participating States during the implementation of the AAL Programme.
9. Each Participating State shall strongly promote, from the earliest stage of all research and innovation projects, the participation of organisations representing demand side actors, including end users.
10. Each Participating State shall co-finance its national participants whose proposals are successful through national agencies that shall, in addition, channel the Union co-funding from the dedicated implementation structure, on the basis of a common project description, which forms part of an agreement to be concluded between the respective national programme management agencies and their national participants for each project.
11. After the closure of a call for project proposals, a central eligibility check shall be carried out by the AALA in cooperation with the designated national programme management agencies. That check shall be performed on the basis of the common eligibility criteria for the AAL Programme which shall be published with the call for project proposals.
12. The AALA shall, with the assistance of the national programme management agencies, check the fulfilment of additional national eligibility criteria set out in the calls for project proposals.
13. The national eligibility criteria shall relate only to the legal and financial status of the individual applicants and not to the content of the proposal and shall concern the following aspects:
  - 13.1. applicant type, including legal status and purpose;
  - 13.2. liability and viability, including financial soundness, fulfilment of tax and social obligations.
14. Eligible project proposals shall be evaluated by the AALA with the assistance of independent experts, on the basis of transparent and common evaluation criteria, as set out in the published call for proposals, and a list of projects in order of score shall be produced. Projects shall be selected in accordance with that ranking and taking account of available funding. That selection, once adopted by the General Assembly of the AALA, shall be binding on the Participating States.
15. If a project participant fails to meet one or more of the national eligibility criteria or if the corresponding national budget for commitment for funding is exhausted, the Executive Board of the AALA may decide that an additional central independent evaluation of the proposal concerned

	<p>should be carried out with the assistance of independent experts, in order to evaluate the proposal either without the participation of the participant in question or with a replacement participant, as suggested by project participants.</p> <p>16. Legal and financial issues concerning participants in projects selected for funding shall be handled by the designated national programme management agency. National administrative rules and principles shall be applied.</p>
7. Assurance Reporting	The latest statutory audit report of AAL, covering the activities up to 31/12/2024, was received on the 5th of November 2025.

## European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 49.91 million
3. Duration of the delegation	<p>The contribution agreement was signed with EUMETSAT on 15 December 2021 under the new EU MFF (2021-2027) for 30 months. Amendment to the contribution agreement for implementation of Phase 2 of Destination Earth (24 months starting in June 2024) was signed in December 2023. Amendment to the contribution agreement for implementation of Phase 3 of Destination Earth (24 months starting in June 2026) was signed in December 2025.</p>
4. Justification of recourse to indirect centralised management	<p>The EU flagship initiative ‘Destination Earth’ aims at developing a very high precision digital model of the Earth to monitor and simulate natural and human activity, which would allow combining prediction and simulation capacities and connecting environmental challenges with socio-economic impacts and hence enhance the ability to anticipate environmental disasters and their impacts on society.</p> <p>The implementation of the Destination Earth Initiative relies on the cooperation between the Commission and three global leaders in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, i.e.: the European Space Agency (ESA), the European Centre for Medium-Range Weather Forecasts (ECMWF) and the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) with a view to maximise the synergies and the respective expertise.</p> <p>Legal basis: Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (the ‘Digital Europe Regulation’).</p>
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	<p>As a recognised global leader whose key expertise in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, EUMETSAT is pivotal to the successful implementation of the Destination Earth. In addition, in its capacity as an entrusted entity under the Copernicus programme it will contribute to the creation of synergies foreseen between Copernicus and the Destination Earth initiative.</p>

6. Summary description of the implementing tasks entrusted	End-to-end development, implementation and operation of the Destination Earth Data Lake and dedicated Data Infrastructure, provision of high value data sets and data tailoring services; technical expertise in design, implementation and operation of state-of-the-art cloud and data federations.
7. Assurance Reporting	As requested by the contribution agreement, the management declaration was submitted with the annual implementation report 2024 on 26/03/2025.

## European Space Agency (ESA)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 17.18 million
3. Duration of the delegation	The contribution agreement was signed with ESA on 15 December 2021 under the new EU MFF (2021-2027) for 30 months. Amendment to the contribution agreement for implementation of Phase 2 of Destination Earth (24 months starting in June 2024) was signed in December 2023. Amendment to the contribution agreement for implementation of Phase 3 of Destination Earth (24 months starting in June 2026) will be signed in January 2026.
4. Justification of recourse to indirect centralised management	<p>The EU flagship initiative 'Destination Earth' aims at developing a very high precision digital model of the Earth to monitor and simulate natural and human activity, which would allow combining prediction and simulation capacities and connecting environmental challenges with socio-economic impacts and hence enhance the ability to anticipate environmental disasters and their impacts on society.</p> <p>The implementation of the Destination Earth Initiative relies on the cooperation between the Commission and three global leaders in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, i.e.: the European Space Agency (ESA), the European Centre for Medium-Range Weather Forecasts (ECMWF) and the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) with a view to maximise the synergies and the respective expertise.</p> <p>Legal basis: Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (the 'Digital Europe Regulation').</p>
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	As a recognised global leader whose key expertise in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, ESA is pivotal to the successful implementation of the Destination Earth. In addition, in its capacity as an entrusted entity under the Copernicus programme it will contribute to the creation of synergies foreseen between Copernicus and the Destination Earth initiative.
6. Summary description of the implementing tasks entrusted	ESA is the core developer, system integrator and operator of the core service platform, responsible for providing programmatic framework; design, implementation, integration of the platform with dedicated data infrastructure, supercomputing Infrastructure elements, digital twins and other enabling digital technologies; management of large industrial

	procurements, implementation of the “AI-everywhere” approach. It will also coordinate the inputs from other implementing entities as described in the Joint Work Plan annexed to the contribution agreements.
7. Assurance Reporting	As requested by the contribution agreement, the management declaration was submitted with the annual implementation report 2024 on 31/03/2025.

## European Centre for Medium-Range Weather Forecasts (ECMWF)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 53.02 million
3. Duration of the delegation	The contribution agreement was signed with ECMWF on 15 December 2021 under the new EU MFF (2021-2027) for 30 months. Amendment to the contribution agreement for implementation of Phase 2 of Destination Earth (24 months starting in June 2024) was signed in December 2023. Amendment to the contribution agreement for implementation of Phase 3 of Destination Earth (24 months starting in June 2026) was signed in December 2025.
4. Justification of recourse to indirect centralised management	<p>The EU flagship initiative ‘Destination Earth’ aims at developing a very high precision digital model of the Earth to monitor and simulate natural and human activity, which would allow combining prediction and simulation capacities and connecting environmental challenges with socio-economic impacts and hence enhance the ability to anticipate environmental disasters and their impacts on society.</p> <p>The implementation of the Destination Earth Initiative relies on the cooperation between the Commission and three global leaders in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, i.e.: the European Space Agency (ESA), the European Centre for Medium-Range Weather Forecasts (ECMWF) and the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) with a view to maximise the synergies and the respective expertise.</p> <p>Legal basis: Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (the ‘Digital Europe Regulation’).</p>
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	As a recognised global leader whose key expertise in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, ECMWF is pivotal to the successful implementation of the Destination Earth. In addition, in its capacity as an entrusted entity under the Copernicus programme it will contribute to the creation of synergies foreseen between Copernicus and the Destination Earth initiative.
6. Summary description of the implementing tasks entrusted	ECMWF leads the Digital Twin development. It is also responsible for horizontal software layers enabling Earth-system modelling and data assimilation, digital twins and supporting digital technologies; extreme-scale computing and data handling; HPC and big-data hardware infrastructures; tools and datasets for AI, federated cloud computing and data management; support interfaces.

7. Assurance Reporting	As requested by the contribution agreement, the management declaration was submitted with the annual implementation report 2024 on 31/03/2025.
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## United Nations Department of Economic and Social Affairs

1. Programmes concerned	Electronic Communications Commission Decision C(2025) 971 final of 18 February 2025
2. Annual budgetary amount entrusted /payments made	EUR 0.20 million
3. Duration of the delegation	The contribution agreement was signed on 24/07/2025 for a duration of 12 months (01/01/2025-31/12/2025)
4. Justification of recourse to indirect centralised management	Working with a pillar assessed international organisation requires a contribution agreement and therefore indirect management.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	The IGF secretariat being hosted by the United Nations is a body in a <i>de facto</i> monopoly situation.
6. Summary description of the implementing tasks entrusted	<p>The IGF Secretariat's activities are funded through extra-budgetary contributions paid to a multi-donor trust fund administered by the United Nations Department of Economic and Social Affairs and the funds are not earmarked for specific items or categories of expenditure. However, through constant dialogue with the IGF Secretariat, the Commission makes sure that the funds are used to support activities of relevance for the EU, including:</p> <ul style="list-style-type: none"> <li>- Enabling environment for multi-stakeholder policy dialogue related to the key elements of Internet governance;</li> <li>- Enhanced collaboration among key organisations dealing with different Internet governance issues in support of the EU digital and development goals;</li> <li>- Exchange of information to foster the sustainability, robustness, security, stability and development of the global Internet;</li> <li>- Strengthened capacity of developing country stakeholders to participate effectively in Internet governance. In addition, the funds will allow supporting enhancements of the IGF model towards an IGF+ in line with the Commission recommendations, including:</li> <li>- The careful elaboration of a more focused agenda, based on a limited number of strategic policy issues;</li> <li>- The creation of stronger links among the global Forum and its regional, national, sub-regional and youth initiatives;</li> <li>- A better integration of the programme and intersessional policy development work to support priority areas;</li> <li>- A mechanism to coordinate follow-up action on IGF discussions and relay proposed policy approaches and recommendations from the IGF to the appropriate normative and decision-making fora;</li> </ul>

	- The elaboration of a strategy for the long-term sustainability of the Forum and the resources necessary for increased participation, through an innovative and viable fundraising strategy.
7. Assurance Reporting	MD last reported on 05/02/2026

## The European Audiovisual Observatory (EAO)

1. Programmes concerned	Creative Europe programme
2. Annual budgetary amount entrusted /payments made	EUR 1.31 million
3. Duration of the delegation	CONNECT signed a contribution agreement on 9/02/2024 (CA3) with the EAO with a view to provide a financial contribution to finance the implementation of the action 'EA08 — Information and Research on the Audiovisual Sector' with an implementation period of 24 months starting 01/01/2024. This action was continued and another contribution agreement was signed on 17/12/2025 (CA4) to finance the implementation of the action 'EA09 — Information and Research on the Audiovisual Sector', with an implementation period of two years starting 01/01/2026.
4. Justification of recourse to indirect centralised management	The DG is working with an international organisation (Council of Europe/EAO) and the type of contract, according to Commission rules, is a contribution agreement under indirect management.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	Most suitable organisation in Europe to achieve the objective, recognised as the European public entity for collecting data and providing transparency on the audiovisual market, also mentioned in Article 11 of the Creative Europe Regulation.
6. Summary description of the implementing tasks entrusted	<p>The purpose of these Agreements is to provide a financial contribution to finance the implementation of the action entitled "EA08 — Information and Research on the Audiovisual Sector" and the action entitled "EA09 — Information and Research on the Audiovisual Sector". The Agreements establish the rules for the implementation and for the payment of the EU contribution and define the relations between the Organisation and the Commission.</p> <p>In the performance of the activities, the Organisation shall:</p> <ul style="list-style-type: none"> <li>a) apply its own accounting, internal control and audit systems, which have been positively assessed in the <i>ex ante</i> pillar assessment.</li> <li>b) apply its own procurement procedures, which have been positively assessed in the pillar assessment.</li> <li>c) apply its own rules and procedures for exclusion from access to funding, which have been positively assessed in the pillar assessment.</li> <li>d) apply its own rules and procedures for publication of information on recipients, as assessed in the pillar assessment.</li> <li>e) apply its own rules and procedures for the protection of personal data, as assessed in the pillar assessment.</li> <li>f) In the implementation of the activities foreseen in Annex I, the systems, rules and procedures referred to in points a) to e) will be those of the European Audiovisual Observatory. Even though these procedures have not</li> </ul>

	been pillar assessed, they are closely aligned to those of the Council of Europe.
7. Assurance Reporting	Management Declaration expected with the final report of CA4

## Organisation for Economic Co-operation and Development (OECD)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 0.00 million
3. Duration of the delegation	The contribution agreement was signed in July 2024. It will last 12 months.
4. Justification of recourse to indirect centralised management	Further to an internal analysis and after having discussed this possibility with OECD, the following elements helped confirm the preference to opt for a contribution agreement: i) the absence of impact of this change on the budgetary envelope allocated to this work, ii) the commitment of the OECD to extend the scope of the work initially planned to provide CONNECT with the right level of details needed for the monitoring of the Coordinated Plan on AI, iii) the commitment of the OECD to fund parts of the development of the methodology to assess the level of investment in AI in the EU, and iv) the very good level of cooperation already in place between the operational services of the two organisations.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	CONNECT became aware that the OECD was working on the monitoring of actions related to AI policy in their Member States. After a few exchanges aiming at identifying possible synergies between CONNECT and the OECD, it was decided to consider the possibility of concluding a contribution agreement. Such an approach allows to avoid duplication of work, and, more importantly, to take advantage of OECD's econometric and existing expertise in evaluating national AI strategies.
6. Summary description of the implementing tasks entrusted	The contribution agreement aims to address the following specific objectives: i. provide a comprehensive assessment of the implementation of the actions of the Coordinated Plan on AI by the EU Member States, through their policies and strategic plans; ii. calculate an estimate of investments in AI in all MS, in both the public and private sectors, with a view to assess the achievement of the overall investment target set out in the Coordinated Plan; iii. conduct an analysis of the uptake and impacts of AI technologies in the EU, in both the public and private sectors.
7. Assurance Reporting	The first MD will be provided by June 2026 as part of their financial report.

## CEF Debt Instrument (CEF DI)

1. Programmes concerned	Connecting Europe Facility
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2. Annual budgetary amount entrusted /payments made	EUR 0.00 million <sup>(70)</sup>
3. Duration of the delegation	Delegation Agreement signed 22 July 2015, amended and restated on 19 June 2019
4. Justification of recourse to indirect centralised management	The DG is working with the European Investment Bank. The type of contract, in accordance with Regulation (EU) No 1316/2013 establishing the Connecting Europe Facility and Commission rules, is a delegation agreement under indirect management.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	EIB is the strategic financial partner of the European Commission and essentially the lending arm of the European Union. EIB is the biggest multilateral financial institution in the world.
6. Summary description of the implementing tasks entrusted	The Manager is entrusted with the portfolio management, the risk management, the valuation and the treasury management.
7. Assurance Reporting	Management Declaration of Assurance Letter and Summary Report on Audits & Controls prepared by EIB received on 15/02/2025.

## Cultural and Creative Sectors Guarantee Facility (CCS GF)

1. Programmes concerned	Creative Europe (2013-2020)
2. Annual budgetary amount entrusted /payments made	EUR 0.47 million <sup>(71)</sup>
3. Duration of the delegation	Delegation Agreement signed by the Commission and the EIF signed on 30 June 2016 (and amended on 12 December 2017, on 9 January 2020 and 29 July 2020). Termination of the delegation agreement: 31 December 2034; possibility to extended duration.
4. Justification of recourse to indirect centralised management	As set out in Article 14(3) of the Creative Europe Regulation the CCS GF shall be implemented indirectly by the Commission by entrusting tasks to the EIF in accordance with the policy objectives and specific implementation criteria set out in the Creative Europe Regulation and the Delegation Agreement.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	As set out in Article 14(3) of the Creative Europe Regulation the CCS GF shall be implemented indirectly by the Commission by entrusting tasks to the EIF in accordance with the policy objectives and specific implementation criteria set out in the Creative Europe Regulation and the Delegation Agreement.
6. Summary description of the implementing tasks entrusted	As per Article 5 of the Delegation Agreement.

<sup>(70)</sup> There were no payments made during 2025 for CEF DI. The activities during 2025 were funded by the payment done in December 2020.

<sup>(71)</sup> The payment estimates for CCS GF are substantiated through disbursement forecasts, submitted by the EIF, in a form of Annex 2d, in line article 8.10 of the Delegation Agreement for CCS GF.



# **ANNEX 12: EAMR of the Union Delegations**

NOT APPLICABLE

## ANNEX 13: Decentralised agencies and other Union bodies

Name of the entity	Role of the DG	Policy area concerned	Amount paid in 2025 in €			Contribution agreement
			Contribution to			
			Operating (admin) budget	Operational budget	Total in €	
<b>BEREC Office</b>	Supervision	Electronic Communications	8 351 814,00	0,00	8 351 814,00	No contribution agreement – Voted budget
<b>ENISA</b>	Supervision	Cybersecurity	26 714 331,00	28 063 333,33	54 777 664,33	Voted budget for operating budget + Contribution Agreements signed on 31 July 2025 (EUR 12,233 million) and 16 December 2025 (EUR 3.6 million).
<b>EUROPOL</b>	Supervision	Digital Europe	0.00	0.00	0.00	Contribution Agreement signed on 19 December 2024. There were no payments effected during 2025.
<b>EUROHPC JU</b>	Supervision	High Performance Computing	8 495 952,00	0,00	8 495 952,00	Contribution Agreement signed on 10 June 2025 (EUR 358.1million) Amendment no.1 signed on 22 December 2025 (EUR 99 million)
<b>SNS JU</b>	Supervision	6G	2 090 017,00	122 143 772,00	124 233 789,00	Contribution agreement signed on 05 May 2025 (EUR 125.1 million) Amendment no.1 signed on 28 October 2025 (EUR 4 million)
<b>ECCC</b>	Supervision	Cybersecurity	4 488 500,00	241 815 337,34	246 303 837,34	Contribution agreement signed on 29 August 2025 (EUR 196.2 million)
<b>CHIPS JU</b>	Supervision	Semiconductor and Quantum	6 943 048,00	724 394 616,84	731 337 664,84	Contribution agreement signed on 16 July 2025 (EUR 863 million)

Name of the entity	Role of the DG	Policy area concerned	Amount paid in 2025 in €			
			Contribution to			Contribution agreement
			Operating (admin) budget	Operational budget	Total in €	
<b>EUIPO</b>	Supervision	DSA	0,00	0,00	0,00	Contribution agreement signed on 22 December 2025 (EUR 5 million)
		<b>Total</b>	<b>57 083 662</b>	<b>1 116 417 059,51</b>	<b>1 173 500 721,51</b>	

