

# Annual Activity Report 2025

DIRECTORATE-GENERAL FOR REGIONAL AND  
URBAN POLICY

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# REGIO IN BRIEF

## OPERATING CONTEXT

**DIRECTORATE-GENERAL  
FOR REGIONAL AND URBAN  
POLICY (REGIO)**

reports to Executive Vice-President of the  
European Commission for Cohesion and Reforms



**Raffaele Fitto**



## MAIN OBJECTIVES

**Art. 174 (TFEU)** Treaty on the European Union and on  
the Functioning of the European Union



Strengthen the economic,  
social and territorial  
cohesion.



Reduce disparities and  
backwardness of regions.



Focus on rural areas, areas in industrial transition and regions with  
severe and permanent handicaps.



## FUNDS

REGIO drives EU cohesion through  
key funding instruments:

<p><b>ERDF</b> European Regional Development Fund</p>	<p><b>CF</b> Cohesion Fund</p>
<p><b>JTF</b> Just Transition Fund</p>	<p><b>EUSF</b> European Union Solidarity Fund</p>
<p><b>IPA</b> Instrument for Pre-accession Assistance</p>	<p><b>ENI</b> Europe Neighbourhood Instrument</p>



## MANAGEMENT MODES



**SHARED MANAGEMENT**  
ERDF, CF, EUSF, IPA-CBC, JTF

**FOR AROUND 98% OF THE EXPENDITURE**



**INDIRECT MANAGEMENT**  
European Urban Initiative



**DIRECT MANAGEMENT**  
Technical assistance, 3rd pillar of  
JTM, Interregional Innovation  
Investment Instrument, Aid  
Programme for the Turkish Cypriot  
community

# EXECUTIVE SUMMARY

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

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

Over the past year, **cohesion policy has continued to invest in reducing disparities between Member States and their regions**, as well as in the structural transformation of their economies. Thanks to its specific features – such as multiannual programming, place-based approaches, multi-level governance and interregional cooperation – the investments supported by cohesion policy deliver strong European added value, while respecting the principle of subsidiarity.

These are the key results in 2025:

- The **2014-2020 programmes** entered the closure stage. Payments of EUR **2.2 billion** were made in 2025, bringing the payment rate to **99.8%** of the combined ERDF and CF allocation.
- Implementation of the **2021-2027 programmes** showed clear progress. By the end of 2025, the overall project selection rate reached **63.3%** and the total net payments (including pre-financing) for ERDF, CF and JTF reached EUR **47.3 billion (16.8%)**.
- A comprehensive reprogramming exercise took place in the framework of the **mid-term review (MTR)** of cohesion policy. Adoption of the mid-term review regulation <sup>(2)</sup> in September enabled cohesion policy to be modernised and to deliver on European strategic priorities. Member States adjusted their 2021-2027 programmes, focusing on areas such as EU competitiveness, defence and civil preparedness, affordable and sustainable housing, water resilience and the energy transition. By the end of 2025, **163 programme amendments** proposing financial reallocations were submitted by 25 Member States, reallocating **EUR 31.3 billion** to the new strategic priorities <sup>(3)</sup>.

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

<sup>(2)</sup> [Regulation 2025/1914](#)

<sup>(3)</sup> Including STEP investments in critical technologies programmed prior to MTR and water investments programmed under Specific Objective 2.5 since 1 January 2025 both of which are considered as reallocations to strategic priorities in accordance with the MTR regulation.

- REGIO continued to reinforce the regional dimension of the **European Semester**. The key conclusions from this analysis were integrated in the dedicated annexes and in the main text of the Country Reports.
- Cohesion policy continued to boost competitiveness and resilience, with an estimated contribution of over **EUR 214 billion** to the objectives of the **Competitiveness Compass** by the end of the 2021-2027 period. This funding supports a range of European priorities, including broader topics such as innovation, decarbonisation as well as security and civil preparedness infrastructure.
- Cohesion policy supported climate resilience by helping regions anticipate and prepare for natural hazards such as wildfires and floods. The mid-term review introduced a **new priority on water resilience**, to improve access to clean water in the context of more frequent droughts and to reduce water pollution.
- In the 2021-2027 period, around **EUR 100 billion** from cohesion policy goes to projects in cities, among which more than EUR 24 billion are managed directly by them to support integrated local strategies. The **EU Agenda for Cities: Driving Growth and Prosperity** was adopted on 3 December <sup>(4)</sup>. It provides a strategic policy framework for sustainable and integrated urban development, recognising the vital role of cities in driving growth, innovation, decarbonisation, and social inclusion. REGIO organised the **Cities Forum** in June 2025 in Kraków with around 1 300 stakeholders.
- The **European Union Solidarity Fund (EUSF)** mobilised EUR 1.3 billion to assist recovery and reconstruction in 6 Member States and 2 accession countries struck by natural disasters in 2024 and 2025.
- During a High-Level Conference held in Poland, Executive Vice-President Raffaele Fitto announced the Commission's intention to publish a comprehensive strategy to support the eastern border regions. The **Communication to support the long-term prosperity, resilience, and security of the eastern border regions** was adopted on 18 February 2026 <sup>(5)</sup>.
- During preparations for a new strategy and regulatory package for the **outermost regions**, set to be adopted by the Commission in 2026, several targeted consultations took place. This included a **High-Level Forum** hosted in Brussels by Executive Vice-President Raffaele Fitto.
- In addition, to increase **simplification efforts**, Executive Vice-President Raffaele Fitto held Implementation Dialogues to simplify and deliver on Sustainable Urban Development and to reflect on EU Funding and Regional Competitiveness.
- REGIO actively contributed to the interservice work on the legislative proposals for the next **Multiannual Financial Framework (MFF)**, in particular the legislative package governing future cohesion policy - the National and Regional Partnership Plans and the sectoral European Regional Development Fund including Interreg and Cohesion Fund Proposal <sup>(6)</sup>.

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<sup>(4)</sup> COM(2025)739 final

<sup>(5)</sup> Communication on the EU's eastern regions bordering Russia, Belarus and Ukraine from 18 February 2026 – Strong regions for a safe Europe: [COM\(2026\)82 final](#)

<sup>(6)</sup> [COM/2025/552 final](#)



*In 2025, EU cohesion policy accelerated implementation, strengthening competitiveness, resilience and alignment with Europe's strategic priorities.*

## PROGRAMME IMPLEMENTATION

2014-2020 programmes

**99.8%** payment rate

EUR **2.2 billion**  
paid in 2025



2021-2027 programmes

**63%** project selection rate

**16.8%** payment rate



## MID-TERM REVIEW *Adopted Sept 2025*



Competitiveness



Security & defence



Housing



Water resilience



Energy transition

**163** programme  
amendments submitted

by **24**  
Member States

reallocating  
**EUR 31.3 billion**  
to the new strategic priorities

## COMPETITIVENESS & RESILIENCE

**EUR 214 billion**

Contribution by 2027



Innovation



Decarbonisation



Wildfires



Floods

## URBAN DIMENSION

**EUR 100 billion**

Invested in cities until 2027



**EU Agenda for Cities:**  
Growth - Innovation -  
Decarbonisation -  
Inclusion

## SOLIDARITY FUND

**EUR 1.3 billion**

Mobilised by the EU  
Solidarity Fund

For recovery from **natural  
disasters**

**6** Member States

**2** Accession Countries



## REGIO ENGAGES



High-Level Forum on outermost regions  
& Communication on eastern borders



Implementation Dialogues on urban  
development and competitiveness











Regional dimension of the European  
Semester



Contributing to the MFF negotiations

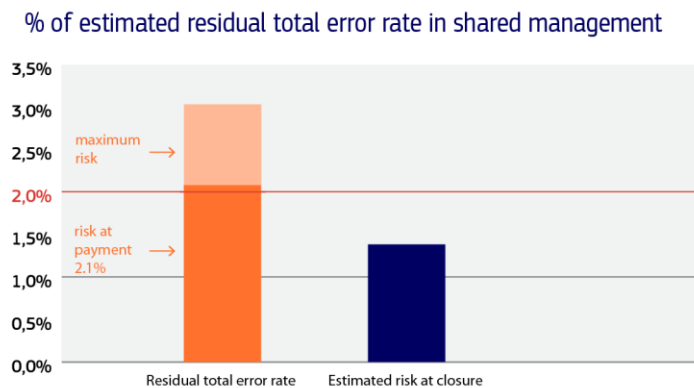
*Driving convergence, stability and recovery across the European Union*

## B. Key performance indicators

KPI #	KPI Title	Baseline (2021)	2025		Interim milestone (2024)	Target (2029)
<b>Specific objective 1.1: Boosting innovation through investments in research and digitalisation</b>						
1.1.1	Entreprises supported to innovate	0	74,190		51 370	126 300
<b>Specific objective 1.2: Reaching climate neutrality through just transition and clean mobility</b>						
1.2.1	Additional renewable energy production capacity	0	4,725		3 570	11,590
<b>Specific objective 2.1: Cohesion support to defence</b>						
2.1.1	Number of member states having cohesion support to defence as specific priority in one of their programmes	0	20		not applicable, defence added as cohesion policy priority in 2025	15
<b>Specific objective 3.1: Delivering on the EU Agenda for Cities and promoting investments in affordable housing</b>						
3.1.1	Investment from ERDF in Sustainable Urban Development	8%	11.6%		not applicable	At least 8%
<b>Specific objective 3.2: A stronger support to communities ensuring the right to stay</b>						
3.2.1	New or modernised capacity for childcare and education infrastructure	0	1,995,000		1,071,000	4 100 000
<b>Specific objective 4.1: Climate and water resilience and preparedness</b>						
4.1.1	New or upgraded capacity for wastewater treatment	0	7,941,000		4,105,000	14,130,000
<b>Specific objective 5.1: Promoting a fair, transparent and democratic Europe with cohesion policy</b>						
5.1.1	Number of projects included in the KOHESIO platform (million)	0.00	2.10		1.90	2.50
<b>Specific Objective 6.1: Strategic cooperation with neighbouring and enlargement countries</b>						
6.1.1	Composite indicator on the readiness of enlargement countries on Chapter 22 - Regional policy, structural instruments	0	5		5	7 cases of moderately prepared countries for Chapter 22
<b>Specific objective 7.1: Ensuring full, effective and compliant implementation of cohesion policy and preparing for the future MFF</b>						
7.1.1	Project selection rate in 2021-2027 period	0%	63.3%		37.3%	100%

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

**KPI 10 - The residual total error rate for 2014-2020 programmes (the majority of expenditure certified and paid in 2025 in shared management) is material.**



**Indicator 10: Residual total error rate in shared management**  
 See section 2 on the calculation of the confirmed residual total error rate for the accounting year 2023-2024 (programmes 2014-2020)

TARGET	RESULT
Residual total error rate <2% in shared management	Risk at payment 2,1% up to 3,1% (maximum risk)
Overall risk at closure <2% of relevant expenditures	Risk at closure 1,3%

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

REGIO has systematically examined the available control results and indicators as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors.

The transition in 2025 to the Commission’s new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure data quality. In some cases, this resulted in lower performance for some standard financial indicators such as the timely payments.

All the above elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives.

The STEP regulation offered the possibility to postpone closure of the 2014-2020 programmes to February 2026. As a result, in 2025 Member States certified significant amounts in final accounts for the 2014-2020 programmes (EUR 124 billion) <sup>(7)</sup>, while also making increased

<sup>(7)</sup> The increase in certified amounts in 2014-2020 in accounts is driven by the impact of the STEP Regulation, which allowed Member States to submit their final accounts by 2026, effectively extending the accounting period to cover two calendar years. Member States could thus declare amounts certified in relation to the majority of the additional REACT-EU envelope, as well as

payments for the 2021–2027 programmes <sup>(8)</sup>. Moreover, last year there was an unusually low number of accounts submitted <sup>(9)</sup> and with a significant number of final accounts submitted this year <sup>(10)</sup>. As a result, this year’s KPI for legality and regularity has exceptionally been calculated using reportable – rather than confirmed – error rates for the 2014–2020 period <sup>(11)</sup>. These reportable error rates per programme will be further analysed in 2026 Commission audits and may increase once the error rates are confirmed <sup>(12)</sup>. For 2021–2027 programmes (not included in the calculation of the KPI due to the low number of accounts received and still low reported error rates), the risk at payment is prudently estimated based at flat rate 2% while the maximum risk for programmes of this period is estimated at 2.8%, based on professional judgement applied and taking account of the particularities of each programme.

For programmes under shared management REGIO has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors.

Based on a desk review of all reported audit results <sup>(13)</sup>, the Directorate General concludes that for the 2014–2020 programmes under shared management **the risk at payment (KPI 10) is estimated to be at 2.1% with a maximum risk estimated at 3.1%** (to take account of possible undisclosed further errors) <sup>(14)</sup>. Overall, material irregularities remain present in the expenditure certified to the Commission by 2026, at closure. This concerns 22 programmes in particular for which additional corrective measures were requested.

Each time deficiencies are identified at programme level, REGIO requires remedial actions to improve the functioning of the system with a view to prevent irregularities from reoccurring (2021–2027) and requests financial corrections for past expenditure declared (for programmes of both periods). Moreover, at the 2014–2020 closure, REGIO verified that sufficient financial

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important amounts of overbooking for some programmes; under the 2014–2020 rules, overbooking had to be declared in the final accounts by Member States to provide a buffer for potential irregularities that may be identified after closure; overbooked certified amounts were subject to the same strict verifications and audits as other expenditure declared. As a result, the expenditure certified in the last accounting year exceeded by far expenditure declared in any other accounting year. The additional time provided under the STEP amendment to the CPR also allowed Member States finalise their verifications and controls, including for previous accounting years; as a result increased amounts of definitive deductions from the closure accounts were similarly reported compared to previous accounting years, demonstrating that important corrective actions were taken at closure for the last and all previous accounting years, as deemed necessary.

<sup>(8)</sup> Compared to the previous year (EUR 22.1 billion of expenditure certified in submitted accounts).

<sup>(9)</sup> Basis for the confirmed error rates this year.

<sup>(10)</sup> Basis for the reportable error rates.

<sup>(11)</sup> **Reportable** error rates are those reported by Member States and assessed by the DAC for the latest accounting year (n) in this case, 2023–2024. The significant increase this year in the submission of final accounts, covering all remaining 2014–2020 programmes and assessing the risk at payment. By contrast, **confirmed** error rates relate to the penultimate accounting year (n-1). Given the limited number of submissions last year due to the STEP regulation, they are not considered sufficiently representative for calculating the KPI in the current exercise.

<sup>(12)</sup> The next AAR will reflect the updated situation.

<sup>(13)</sup> For 2014–2020 programmes submitted after last year’s AAR and by 15 February 2026 (STEP impact)

<sup>(14)</sup> See Annex 7 for explanations on the notions of maximum risk and residual error rate.

corrections were applied for past expenditure, taking account of all open audit findings, and requested additional ones where necessary; it also assessed whether there was a risk that deficiencies in the functioning of management and control systems could also affect 2021-2027 successor programmes. Reservations were made in line with applicable criteria <sup>(15)</sup> and will only be lifted once sufficient corrective measures – as defined above – have been effectively implemented. Moreover, to take account of ECA recommendations and as a result of its own audits, REGIO has put in place **additional targeted actions with a view to improve the overall detection capacity of programme authorities**. Lastly, pending additional corrective measures requested <sup>(16)</sup>, **the risk at closure is estimated at 1.3%. It is also confirmed well below 2% for all previous accounting years** for both programming periods, as initially estimated, based on additional corrective measures effectively implemented, namely further audit work carried out and additional financial corrections implemented. This reflects the cohesion policy’s multiannual corrective capacity mechanism.

In **conclusion**, REGIO has reasonable assurance that, overall, suitable controls are in place and work as intended. These results are applicable for all management modes and programming periods managed by REGIO. Without qualifying this opinion, for programmes in the Member States under shared management that require improvements, risks are being appropriately monitored and mitigated; and when this is not the case, the Commission uses the legal tools in place to apply additional financial corrections to protect the EU budget as needed. See Part 2 for more details.

The Director-General in her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance, albeit qualified by 2 reservations:

1. a reservation concerning management and control systems of the 2014-2020 period for 30 ERDF/CF programmes (in 7 Member States, the UK and for Interreg).
2. a reservation concerning management and control systems of the 2021-2027 period for 16 ERDF/CF/JTF programmes (in 11 Member States and for Interreg).

For the programmes put under reservation in the concerned Member States, improvements are necessary concerning the detection of errors. Details on the corrective measures that were requested and are being put in place are reported in annex 9. For further details refer to section 2 on Internal Control and Financial Management.

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

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

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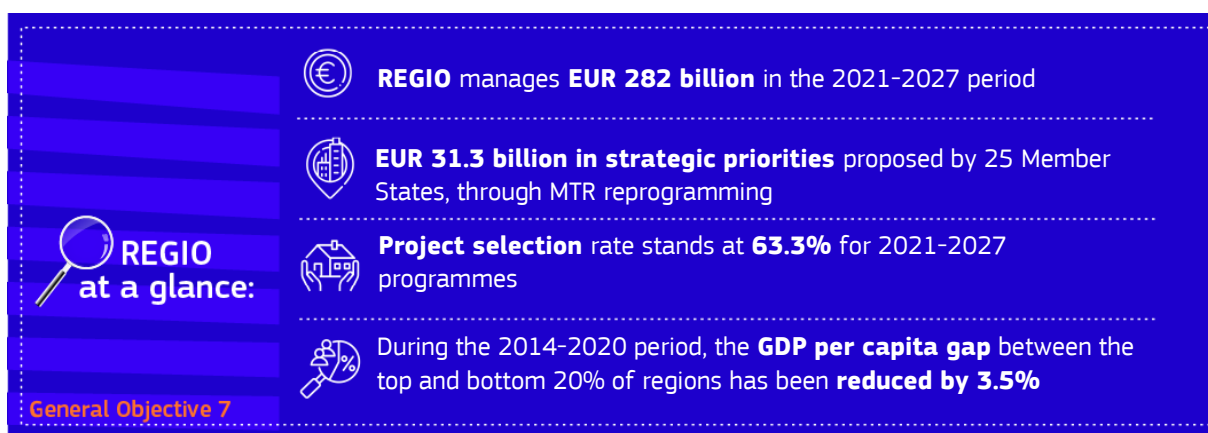
<sup>(15)</sup> See Annex 5.

<sup>(16)</sup> Additional verification work and/or financial corrections.

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

## 1.1. Delivering cohesion policy

### 1.1.1. A modernised cohesion policy



Cohesion policy is the **EU's main long-term investment policy**. It plays a key role in **reducing disparities between EU regions** to promote economic, social, and territorial cohesion.

Cohesion policy benefits all regions. **Each euro allocated during the 2014–2020 period is anticipated to produce almost 3 euros in returns**, manifesting as additional EU GDP over time <sup>(17)</sup>. This impact was confirmed by the **ex-post evaluation** for the 2014-2020 period and the mid-term evaluation for the 2021-2027 period <sup>(18)</sup>, published by DG REGIO in 2025.

<sup>(17)</sup> Model simulations for the 2014-2020 ex-post evaluation. Exactly EUR 2.9, 15 years after end of period.

<sup>(18)</sup> A conference was held in February 2026 to present and discuss the methodologies used and disseminate the results from: [Mid-term evaluation of the cohesion policy programmes 2021-2027 financed by the European Regional Development Fund \(ERDF\), the Cohesion Fund and the Just Transition Fund \(JTF\)](#)

REGIO ensures full and compliant implementation of cohesion policy. The implementation of the **2021-2027 programmes** has progressed. The overall project **selection rate** is at **63.3%**. Total net **payments** (including pre-financing for ERDF, CF and JTF) of **EUR 47.3 billion** were paid out reaching **16.8%**.

REGIO also continued to ensure an efficient coordination between cohesion policy and the **Recovery and Resilience Facility (RRF)**.

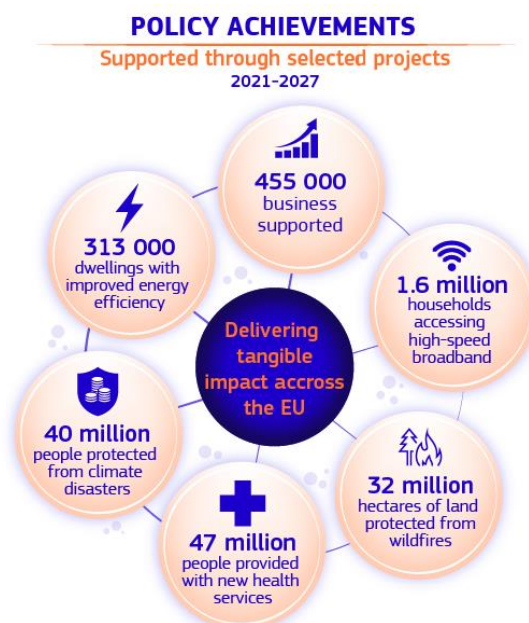
A comprehensive reprogramming exercise took place in the framework of the **mid-term review** of cohesion policy in 2025. Adoption of the mid-term review regulation in September enabled cohesion policy to deliver on emerging needs and new challenges that regions face. Member States adjusted their 2021-2027 funding, showing strong commitment to investing in European strategic priorities such as EU competitiveness, security, defence and civil preparedness, affordable and sustainable housing, water resilience and energy transition. By the end of 2025, 163 **programme amendments** were submitted by 25 Member States, **reallocating EUR 31.3 billion to the strategic priorities**, in line with the mid-term review regulation.

The **mid-term review regulation** offered increased flexibility and performance incentives, including higher co-financing, as well as additional pre-financing to improve liquidity and extended eligibility/decommitment deadlines provided specific reallocation thresholds are met. Exceptional support was dedicated to the eastern border regions, given their unique security challenges. Such programmes can apply increased co-financing to all priorities if a specific reallocation threshold is met.

In 2025, REGIO continued to reinforce the regional dimension of the **European Semester**. The main conclusions from this analysis were integrated in the main text of the Country Reports underpinned by the more elaborated regional annexes. One of the 2025 Country-Specific Recommendations (CSRs) for every Member State was to accelerate the implementation of cohesion policy programmes, building, where appropriate, on the opportunities offered by the mid-term review.

For the **2014-2020 programmes** the total available EU envelope allocated under the ERDF, Interreg and CF amounted to more than 291 billion. Those programmes have entered the closure stage. Payments of EUR **2.2 billion** were made during 2025, leading to the overall payment rate of **99.8%** of the combined ERDF and CF allocation. The closure documents have been submitted by February 2026.

**Reliability of performance data** is closely followed up via system audits on key requirement 6 and audits of reliability of indicators as part of representative samples of operations (details in section 2). REGIO also conducts plausibility checks on the performance data after



transmission by the Member States, which arrive via SFC 2021. The Member States' data are published on the [cohesion open data platform](#).

## 1.1.2. Implementation, simplification and capacity building

**REGIO at a glance:**  
General Objective 7

- 2 Implementation Dialogues** held by EVP Fitto
- EUR 13.1 billion** delivered through **Simplified cost options (SCO)** and **Financing not linked to Costs (FNLCO)**
- Nearly **1000 practitioners** exchanged best practices and operational solutions through Peer2Peer

To increase simplification efforts, Executive Vice-President Raffaele Fitto held **Implementation Dialogues** (24 June and 18 September), bringing together representatives of local authorities, cohesion policy beneficiaries and the business sector to simplify and deliver on **Sustainable Urban Development** and to reflect on **EU Funding and Regional Competitiveness**.

The Executive Vice-President also transmitted the **Annual Progress Report on Simplification, Implementation, and Enforcement** to the European Parliament and the Council in September <sup>(19)</sup>. The report shows that REGIO is taking significant steps towards the modernisation and simplification of cohesion policy. Simplification was mainly advanced through faster selection for projects awarded the Seals of Excellence and for Important Projects of Common European Interest (ICPEIs) as well as through eased rules for thematic concentration, climate contribution and for investments in large enterprises across more regions.

In 2025, the mid-term review provided an excellent opportunity to conduct a **fitness check** of cohesion policy, ensuring alignment with strategic EU priorities. REGIO's concrete actions focused on close, tailored dialogue with Member States to deliver a structured, forward-looking reprogramming of cohesion policy's 2021-2027 resources, while delivering flexibilities and simplification embedded in mid-term review regulatory framework.

Furthermore, REGIO prioritised **stress testing** simplified reimbursement models (SCOs and FNLCOs) which represent policy delivery options with the highest potential for administrative burden ease and cost saving for companies and final beneficiaries, confirmed by reality checks.

This political commitment on boosting implementation and advancing towards simplification also materialised into the following concrete events in 2025:

- **4 Reality Checks** with experienced users of cohesion policy at technical level, addressing the European border regions, the New European Bauhaus, simplification

<sup>(19)</sup> [EVP Fitto's 2025 Annual Progress Report on Simplification, Implementation and Enforcement](#)

measures such as Simplified cost options (SCOs) and Financing not linked to Costs (FNLC), and STEP;

- **3 meetings of the Transnational Network on Simplification** bringing together 100 representatives of all Member States in addition to several country-specific workshops and bilateral meetings; **1 webinar on the design, implementation and audit of FNLC**, with around 300 in-person participants from all Member States and 761 additional online.
- **9 FNLC models** were developed to further simplify the delivery of mid-term review priorities, inspired by RRF-measures and aligned with ERDF/CF, JTF and CPR requirements and stakeholder needs.
- 18 Member States and six Interreg programmes developed **197 SCO methodologies** accounting for EUR 8.1 billion, while 13 Member States developed **28 FNLC schemes** totalling almost EUR 5 billion.

The surge in simplification requests reported in 2025 reflects a growing awareness among Member States of the importance of streamlining fund delivery and advance towards a performance-based delivery in light of the future MFF. To complement Member States efforts, REGIO offered tailored guidance and support.

REGIO has also been consolidating the efforts to **automate cohesion policy data transmission** and offered support to the Member States to intensify the digitalisation of procedures. In 2025, 300 Member States representatives attended a technical level webinar, and 43 expressed interest to further automate data transmission processes. In 2025 DG REGIO significantly stepped-up its support for **strategic administrative capacity**, delivering targeted, high-value actions to boost programme performance, reduce irregularities and strengthen value for money. The most important actions were:

- The finalisation and making available of **two large scale studies** on administrative capacity building roadmaps and on the evolution of managing authorities' structures.
- Two meetings of the **Network of Heads of Managing Authorities**, with more than 100 participants to discuss key topics, such as AI. There were also 12 training sessions for programme authorities under the Strategic Training Programme on cohesion policy (on state aid, public procurement, anti-fraud/corruption and on Integrity Pacts) with 413 participants in total.
- **33 TAIEX-REGIO Peer2Peer events** involving close to 800 participants from all Member States, complemented by **11 Peer2Peer Communities** bringing together nearly 1 000 active members to exchange best practices and operational solutions. The **first Festival of Communities** gathered over 130 participants from 24 EU Member States to discuss the new Commission priorities and modernised Cohesion Policy.
- Territories in 8 Member States received support under the **Cohesion for Transitions (C4T) Community of Practice**.

The Joint Assistance to Support Projects in European Regions (**JASPERS**) continued to support Member States in the preparation of high-quality investments under cohesion policy. A total of **460 assignments** were implemented in 2025. Advice was provided to Member State authorities notably in just transition, transport, environment, energy and innovation, including during the mid-term review process as regards alignment with STEP objectives.

Finally, REGIO actively contributed to the interservice work of the legislative proposals for the **next Multiannual Financial Framework (MFF)**, in particular the legislative package governing future cohesion policy - the National and Regional Partnership Plans (NRPP) and the sectoral European Regional Development Fund including Interreg and Cohesion Fund Proposal. The proposals secure a central role for cohesion policy in the next MFF, providing Member States with the flexibility to tailor their NRPPs to the specific needs of their regions and territories. The core principles of cohesion policy—shared management, a place-based approach, multi-level governance, and partnership—guide the proposals.



## 1.2. Achieving the objectives

### 1.2.1. Competitiveness, digitalisation and climate neutrality

**REGIO**  
at a glance:

**General Objective 1**

Cohesion policy contributes with **EUR 214 billion** to the objectives of the **Competitiveness Compass (2021-2027)**

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Around **EUR 15.2 billion** allocated in the period 2021-2027 to **strategic technologies (STEP)**, including bio/clean technology

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**EUR 86 million** in grants awarded to facilitate investments valued at **EUR 868 million** through PSLF

Cohesion policy is a core pillar of Europe’s competitiveness and resilience. It also helps address the fragmentation within the Single Market that can otherwise hinder its effectiveness. As outlined in the **Competitiveness Compass**, the EU needs to focus on innovation, competitiveness through decarbonisation and reducing external dependencies while enhancing security. In the 2021-2027 period, cohesion policy contributes with **EUR 214 billion** to the objectives of the Competitiveness Compass.

The mid-term review of cohesion policy has further reinforced this role by translating these priorities into action and reallocating EUR 12.8 billion to competitiveness. This helps to diversify supply chains, scaling up domestically produced green energy, and investing in critical sectors.

In this way, cohesion policy directly contributes to the EU's competitiveness, economic security and long-term resilience.

**Research and Innovation (R&I) investments** are crucial for bridging the innovation gap and fostering sustainable and smart economic transformation. Smart Specialisation Strategies (S3) focus on regional strengths in R&I and align bottom-up regional priorities with EU-wide competitiveness objectives. In 2025, DG REGIO supported this initiative through the S3 Community of Practice (S3 CoP), offering guidance and peer-learning. 10 regions received targeted assistance in implementing their S3 plans. The annual S3 conference in Brussels, attended by over 400 stakeholders, served as a key event for discussing Smart Specialisation policy development and its role in economic transformation.

Additionally, in 2025, cohesion policy strengthened Europe's competitiveness through the **Interregional Innovation Investments (I3) Instrument**, supporting **70** innovation projects in the scale-up and commercialisation phase, focusing on integrating less developed regions into European value chains, representing EUR 301 million of EU funding invested so far. In 2025, the Commission adopted the 2025–2027 I3 Work Programme (EUR 176 million).



**NEO MAGNET FACTORY**

Backed by EUR 18.75 million from the Just Transition Fund, the NEO Magnet Factory advances EU strategic autonomy in clean technologies. Located in Estonia's Ida-Viru region, it will produce recycled and rare-earth magnets, create up to 1 000 jobs, and strengthen Europe's clean energy supply chains.

Regarding the objective of **boosting competitiveness via decarbonisation**, in 2025, cohesion policy helped tackle the roots of one of the most important hurdles to EU competitiveness: high energy prices. In line with the Affordable Energy Action Plan, the cohesion policy mid-term review promoted **a new priority on energy transition**, which aimed at untapping the many bottlenecks in our grid infrastructure and helped completing the Energy Union. More than EUR 1.1 billion have been reallocated to this new priority. Moreover, cohesion policy supported the **circular economy** by investing in regional and local waste management systems towards circularity (prevention, reuse, recycling), thus **reducing external dependencies** on recyclable materials.

To boost the competitiveness of those regions most affected by the decarbonisation efforts, REGIO also helped Member States accelerate the implementation of the **Just Transition Fund (JTF)** through the **Just Transition Platform (JTP)**. This technical assistance instrument focused in 2025 on Croatian and Italian territories affected by the shift towards climate neutrality. The JTP received the **"Innovative External Initiative of the Year" award** granted by DG Human Resources for prioritising inclusive approaches to the clean transition, placing a strong emphasis on gender equality and social equity.

The **Public Sector Loan Facility (PSLF)**, the third pillar of the Just Transition Mechanism, provides vital support to




**CORUÑA HOSPITAL**

The Public Sector Loan Facility, the third pillar of the Just Transition Mechanism, supports public authorities in regions affected by the transition to climate neutrality. Through a combination of loans and grants, it finances projects that promote sustainability and social inclusion, including a new university hospital in A Coruña (Spain).

public authorities in regions facing socio-economic challenges from the transition to climate neutrality. This is done through a combination of European Investment Bank loans and European Commission grants, which in 2025 amounted to EUR 86 million, **supporting investments worth EUR 868 million**. Beyond financing, the Public Sector Loan Facility also offers technical assistance to help develop investment plans.


### 1.2.2. Defence and Civil Preparedness



**REGIO**  
at a glance:


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General Objective 2



**EUR 10.9 billion** proposed for **defence and civil preparedness** through the reprogramming in line with the MTR

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**20 Member States** added **defence** including civil preparedness as a cohesion policy priority to their programmes

Under the third pillar of the Competitiveness Compass - increasing security, the mid-term review enabled to mobilise cohesion policy resources for increasing the EU’s defence readiness. This was done by **developing dual-use infrastructure related to military transport**, especially on TEN-T corridors, and **enhancing defence industry capabilities**. Directly supporting European defence industry serves the cohesion objective of reactivating local economic activity and strengthen Europe’s defence industrial base.

Member States can also allocate resources to **civil preparedness infrastructure**, preferably of a dual-use nature: from the development and testing of civil preparedness plans (also cross-border) over the equipment of public transport terminals such as subway stations with emergency shelters to the installation of backup power supplies or the development of medical emergency infrastructure.



## 1.2.3. Cities, affordable housing and the right to stay

**REGIO at a glance:**  
General Objective 3

- More than **EUR 100 billion** in **cities** for 2021-2027
- 3.3 billion in affordable and sustainable housing** under grants and loans increased through MTR reprogramming
- Exchange between EU regions and cities facing demographic decline – **89 projects implemented on the ground**

75% of Europeans live in cities, towns and suburbs. Cities are hubs of competitiveness and employment and play a key role in climate action and accelerating the clean energy transition. In the 2021-2027 period, around **EUR 100 billion from cohesion policy goes to projects in cities**, among which more than EUR 24 billion are managed directly by them to support integrated local strategies.

To further highlight the important role of cities and to support them, the **EU Agenda for Cities: Driving Growth and Prosperity** was adopted on 3 December 2025. It offers a strategic vision to empower cities in tackling local challenges. It provides a unified framework to strengthen the territorial and urban dimensions of EU policies and calls for more dialogue.

REGIO continued steering the implementation of the **European Urban Initiative (EUI)**, which allocates **EUR 395 million** to innovation, capacity and knowledge building. The results of the European Urban Initiative over the 2022-2024 period were presented in a report <sup>(20)</sup> to the European Parliament and the Council, published on 12 February 2025.

REGIO, in cooperation with the EUI, organised the **Cities Forum** in June 2025. Around 800 mayors and elected representatives, urban practitioners and other stakeholders came to Kraków to share their perspectives and solutions on the future of cities in the EU. In addition, around 500 stakeholders joined the event online.

To address the housing crisis, in line with the President's political guidelines, REGIO contributed to the preparation of the **European Affordable Housing Plan**. The mid-term review of the cohesion policy allowed Member States and regions to allocate **3.3 billion** in funding for affordable housing **on top of the EUR 7.5 billion** already planned for energy efficiency and social housing. A new financial instrument model was published to help leverage cohesion policy

**DOSTUPNÝ DOMOV**

An ERDF-backed financial instrument supports affordable rental housing in Slovakia through Dostupný Domov, a social impact enterprise. It provides sustainable homes at rents 5–30% below market rates, prioritising vulnerable groups, reinvesting profits to expand access, and promoting social inclusion, stability, and long-term housing solutions.

<sup>(20)</sup> [Implementation of the European Urban Initiative in 2022-2024](#)

funding with other resources. REGIO presented at more than 15 events and webinars these new opportunities.

The **Public Sector Loan Facility** supports housing by financing affordable, sustainable residential infrastructure that strengthens social cohesion and regional attractiveness in areas undergoing economic transition.

In 2025, REGIO continued to actively support mainstreaming the **New European Bauhaus (NEB)** across the 2021-2027 cohesion policy programmes including Interreg, with an emphasis on housing projects. Key goal is to ensure that housing is not only affordable and energy-efficient, but also inclusive, high-quality, and sustainable. To contribute to the EU's efforts to address the housing crisis, a specific housing focus was introduced in the NEB Prizes 2025, showcasing outstanding housing solutions that embody the NEB values of sustainability, aesthetics, and inclusion.



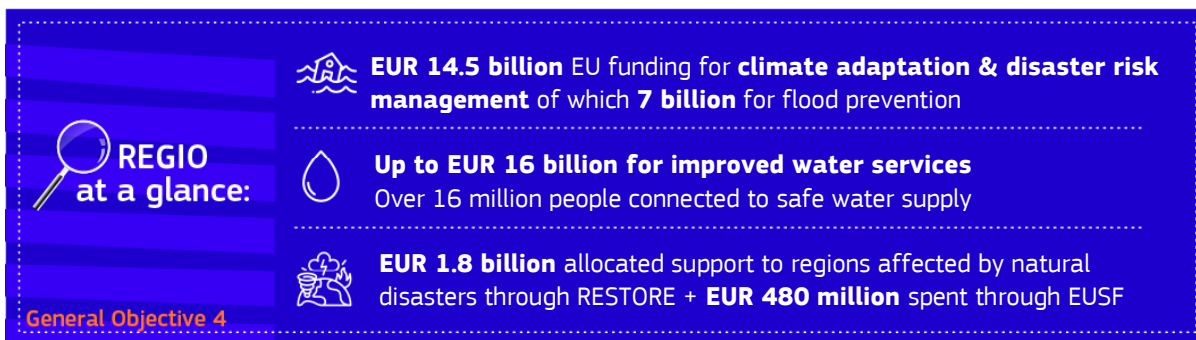
Cohesion policy also played a crucial role in ensuring every citizen has **the right to stay** in the place they call home by supporting the needs of their communities. Investments in 2025 remained focused on key areas such as **healthcare and long-term care, connectivity and access to services**. As an illustration, over the period 2021-2027, EUR 7.1 billion have been programmed to provide equal access to resilient healthcare systems. Special attention is also paid to the youth and to the support of their up- and reskilling and job-to-job transitions, improving the quality of education. Furthermore, REGIO started to work on a strategic document on the right to stay with planned adoption towards the end of 2026.

REGIO continued to manage the work on the **Harnessing Talent Platform** and Talent Booster Mechanism aimed at building knowledge and allowing exchange especially in EU territories in demographic decline, resulting in projects on the ground in 89 regions and cities.




REGIO is also co-leading on the work on the **Long-term Vision for Rural Areas (LTVRA)**, including the Rural Pact Conference in September 2025, providing important steer and contribution.

In 2025, REGIO continued to be the policy lead for the **International Urban and Regional Cooperation (IURC) programme**. The programme pairs EU cities and regions with their counterparts from North America, Latin America and the Caribbean as well as Asia, and Australasia with the aim to foster cooperation, knowledge exchange and create commercial opportunities for EU businesses. REGIO provides funding and oversight for the EUR 2 million allocated to the IURC Latin America and Caribbean for the period 2025-2027.

## 1.2.4. Climate and water resilience



**REGIO at a glance:**  
General Objective 4

-  **EUR 14.5 billion** EU funding for **climate adaptation & disaster risk management** of which **7 billion** for flood prevention
-  **Up to EUR 16 billion for improved water services**  
Over 16 million people connected to safe water supply
-  **EUR 1.8 billion** allocated support to regions affected by natural disasters through RESTORE + **EUR 480 million** spent through EUSF

Cohesion policy support to **climate resilience** helps regions to anticipate and prepare for natural hazards such as wildfires or floods. Ensuring that public authorities and citizens alike are more capable to respond to these threats is key to ensure Europe's resilience, in line with the Preparedness Union Strategy. To this end, cohesion policy is investing **EUR 14.5 billion** for climate adaptation and disaster risk management, which will result in more than 38 million people benefiting from flood protection measures.

Specifically, cohesion policy mid-term review promoted a **new priority for water resilience**, which aimed at improving access to clean water in the context of more frequent droughts, as well as reducing water pollution. Close to **EUR 3.1 billion** have been reallocated to this priority, on top of the **EUR 13 billion** already under implementation. As underlined in the Competitiveness Compass and the Water Resilience Strategy, building a water-smart society is a key pillar for Europe's economic security.

In 2025, the **European Union Solidarity Fund (EUSF)** mobilised EUR 1.3 billion to assist recovery and reconstruction in 6 Member States and 2 accession countries struck by natural disasters in 2024 and 2025. The Fund allocated EUR 280 million to Austria, Poland, the Czech Republic, Slovakia, Moldova and Bosnia and Herzegovina following floods, and made available EUR 1 057 million for Spain (floods) and France (two cyclones). In the case of Spain, after the storm DANA hit the Valencia region in October 2024, the EUSF mobilised EUR 945 million, which is the second-largest contribution in the Fund's history.



## 1.3. Responding to specific territorial needs

### 1.3.1. Interreg and territorial cooperation

**REGIO at a glance:**

General Objective 3

-  **EUR 1.5 billion** for **people-to-people projects**
-  **Over EUR 300 million** invested in the **“Europe closer to citizens”** objective through Cross-border Cooperation
-  Implementation of the **BRIDGEforEU Regulation** to facilitate Cross-border solutions
-  **New grant for Interreg Volunteer Youth**

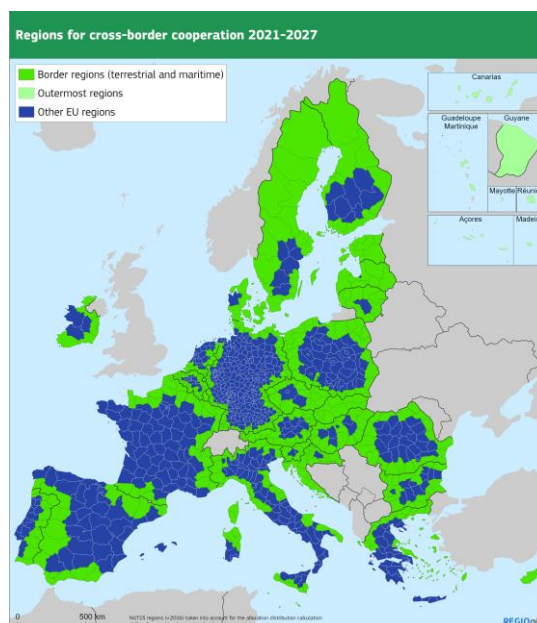
Interreg plays a pivotal role in supporting territorial development and cooperation across borders through four types of cooperation:

**Cross-border cooperation** invites neighbouring regions and their citizens to cooperate on issues of common interest or concern. **Transnational cooperation** delivers solutions for larger territories in Europe and beyond, while **interregional cooperation** improves the quality of regional policies through cooperation anywhere in Europe. **Outermost region cooperation** provides a unique solution to the regional integration of the outermost regions in their geographic basins and their cooperation with their neighbours. In 2025, REGIO built on the

faster-than-average implementation of Interreg programmes to further demonstrate the tangible European added value generated by this cooperation.

Cooperation is also taking place in the High North. For example, Greenland participates in the **Interreg Northern Periphery and Arctic Programme** which addresses shared challenges in the Arctic through transnational partnerships across Finland, Ireland, Sweden, Faroe Islands, Greenland, Iceland and Norway.

In 2025, Interreg continued to invest in **people-to-people cooperation**, increasing trust among citizens across borders. Interreg brings EU funds and values to small municipalities and NGOs in Europe and beyond. Following the adoption of the **BRIDGEforEU Regulation** in May, Member States have started announcing the creation of cross-border coordination points ready to address legal and administrative obstacles in cross-border regions.



In mid-2025, the Commission decided on a new grant for the **Interreg Volunteer Youth initiative**, allowing young people to get direct experience in cooperation programmes and projects. By end of 2025, over 1,000 young volunteers were deployed since the initiative's launch in 2017.

### 1.3.2. Eastern border regions of the EU



**REGIO**  
at a glance:

General Objective 3

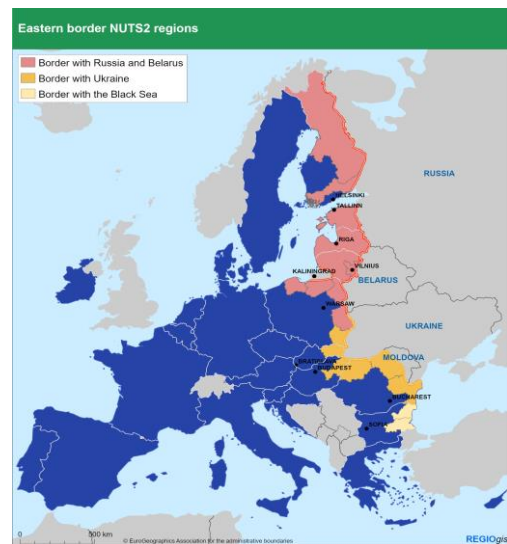


**EUR 4.9 EUR billion** in investments were proposed for reprogramming, especially towards **defence and civil preparedness** through the MTR



**Communication on EU's eastern regions** bordering Russia, Belarus and Ukraine

The EU's eastern border regions, many of which were already experiencing challenges, are particularly hard hit by the Russia's war of aggression against Ukraine. Cross-border trade, transport, and vital economic exchanges have been almost completely cut off, severely impacting local communities. Security conditions have worsened, while EU-funded cross-border projects have been suspended due to the breakdown in relations. In addition, regions bordering Ukraine also face serious challenges, including an influx of displaced persons, disruptions in trade, and deteriorating housing stock, health, and social services.





**REHABHELP PL-UA**

The RehabHelpPL-UA project, under the Interreg NEXT Poland-Ukraine Programme 2021-2027, strengthens rehabilitation services in Białystok (Poland) and Volodymyr (Ukraine). Through investments in infrastructure, modern equipment and staff training, it improves access to quality healthcare, including advanced rehabilitation technologies and expanded psychological support for people affected by war-related trauma.


Thanks to amounts reallocated in the framework of the mid-term review, programmes including EU's eastern borders regions have unlocked access to specific financial incentives, like additional one-off pre-financing or higher co-financing rates. 13 programmes now benefit from the extended eligibility and decommitment periods. Furthermore, Executive Vice-President Raffaele Fitto announced at the High-Level Conference held in Białowieża, Poland, in June 2025, the intention of the Commission to support the EU's eastern border regions with a comprehensive strategy. The **Communication – Strong regions for a safe Europe** <sup>(21)</sup> - sets out a plan to make Europe's eastern border regions more secure, resilient and

attractive places to live and work. This concerns 9 Member States: Finland, Estonia, Latvia, Lithuania, Poland, Slovakia, Hungary, Romania and Bulgaria.

<sup>(21)</sup> Communication on the EU's eastern regions bordering Russia, Belarus and Ukraine from 18 February 2026 – Strong regions for a safe Europe [COM\(2026\)82 final](#)

### 1.3.3. Macro-regional strategies

 **REGIO**  
at a glance:  
General Objective 3

 Updated **Communications for the Adriatic-Ionian and Alpine strategies** adopted

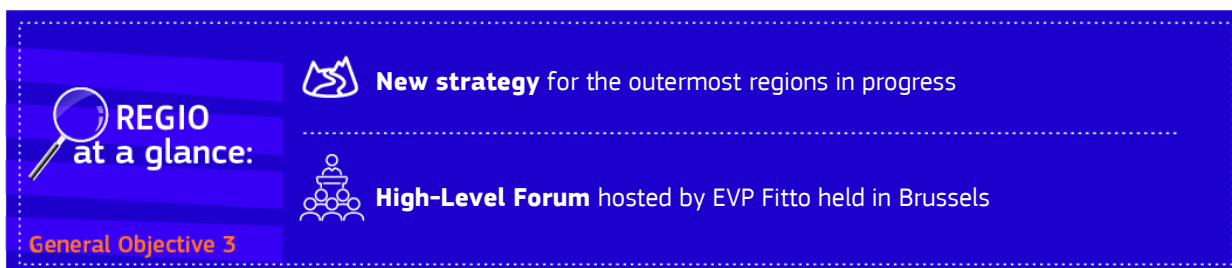
The four EU Macro-regional strategies (Baltic Sea, Danube, Adriatic-Ionian as well as the Alpine Region) facilitate cooperation across regions and address common challenges faced by defined geographical areas. In 2025, the European Commission, in partnership with the participating countries updated **Communications for both the Adriatic-Ionian and Alpine strategies** <sup>(22)</sup>. In September, the Macro-regional & Sea Basin Strategies Days 2025 delivered jointly by REGIO and MARE, gathered stakeholders from across the EU and candidate and partner countries to reinforce the importance of broader cooperation in shaping a sustainable and resilient Europe.

The European Council Conclusions of December 2025 invite the Commission, in cooperation with Member States, to **develop an EU macro-regional strategy for the Atlantic** by June 2027.



<sup>(22)</sup> [Communication on the Adriatic-Ionian macro-region](#) and [Alpine macro-region](#).

### 1.3.4. Outermost regions



**REGIO at a glance:**  
General Objective 3

**New strategy** for the outermost regions in progress

**High-Level Forum** hosted by EVP Fitto held in Brussels

The strategic location of the outermost regions in the world represents a key asset for the EU and for regional cooperation <sup>(23)</sup>. REGIO actively collaborated with the European External Actions Service (EEAS) throughout the year, advocating for a clear mention of the EU's presence via these regions in the Caribbean and the Indo-Pacific. REGIO also ensured that the outermost regions' specificities were mainstreamed in over 15 EU policy areas, for example under agriculture, fisheries, youth, tourism, water, digital and research.

In 2025, the preparatory work for a **new strategy for the outermost regions** to address their specific constraints such as remoteness and insularity continued. Following the Conference of Presidents of the Outermost Regions of the European Union (CPRUP) that took place in April in la Reunion, several targeted consultations were launched including a **High-Level Forum** hosted by Executive Vice-President Raffaele Fitto on 18 November in Brussels. A call for evidence was also launched to gather input for a new strategy and for a regulatory package to be adopted by the Commission in 2026.

In 2025, REGIO finalised the integration of EUR 15 million of NDICI funds into the Interreg Madeira-Azores-Canary Islands-Gulf of Guinea and Indian Ocean programmes. Partnerships between Interreg programme managing authorities, EU Delegations and third countries have been reinforced in each of the cooperation areas (Caribbean, Indian Ocean, West Africa). This process culminated with South Africa formally joining the Indian Ocean programme for the first time in October 2025.



<sup>(23)</sup> The [Council Conclusions on the Implementation of the EU Strategy for Cooperation in the Indo-Pacific \(20 October 2025\)](#) and the [Joint Declaration of the CELAC-EU Summit \(9 November 2025\)](#) acknowledge this importance.

### 1.3.5. Aid programme for the Turkish Cypriot community

**REGIO at a glance:**  
General Objective 3

- Over **EUR 14 million** worth of goods traded across the **Green Line**
- More than 140 SCOLARSHIPS** for Turkish Cypriots to study in the EU
- 16 grants** total worth of over **EUR 2 million** awarded to **civil society organisations**

In 2025, REGIO continued to facilitate the reunification of Cyprus and improve links between the two communities, including by advancing the **Aid Programme** for the Turkish Cypriot community and by monitoring the implementation of the **Green Line Regulation**. To promote **reconciliation**, REGIO funded civil society initiatives, scholarships for Turkish Cypriots to study in the EU and restoration of the island’s cultural heritage.

**AGIA PANAGIA CHURCH**

The Technical Committee on Cultural Heritage protects the cultural heritage of Cyprus, building confidence and enabling collaboration across communities. With the support of the EU Aid programme, the committee has conserved or restored more than 100 cultural sites across the island since 2021. In 2025 the conservation works of the Agia Panagia Church, a religious site of significance in Lysi/Akdoğan was completed.

Alignment to EU standards was the key focus of efforts to boost trade across the Green Line. **Economic development and integration** were further enhanced through support to vocational training and professional development. Infrastructure improvements centred on wastewater management and energy efficiency, covering also bi-communal projects. REGIO chaired the **inter-service group on Cyprus** to update on progress in the UN facilitated Cyprus settlement process.

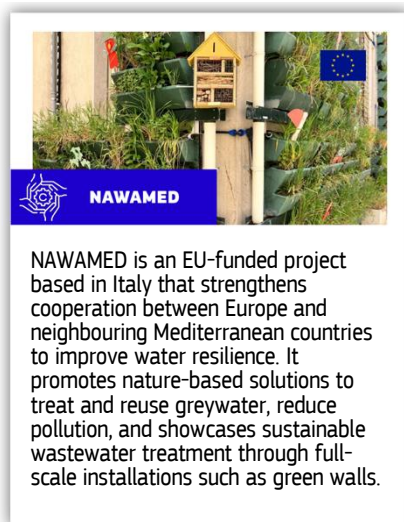
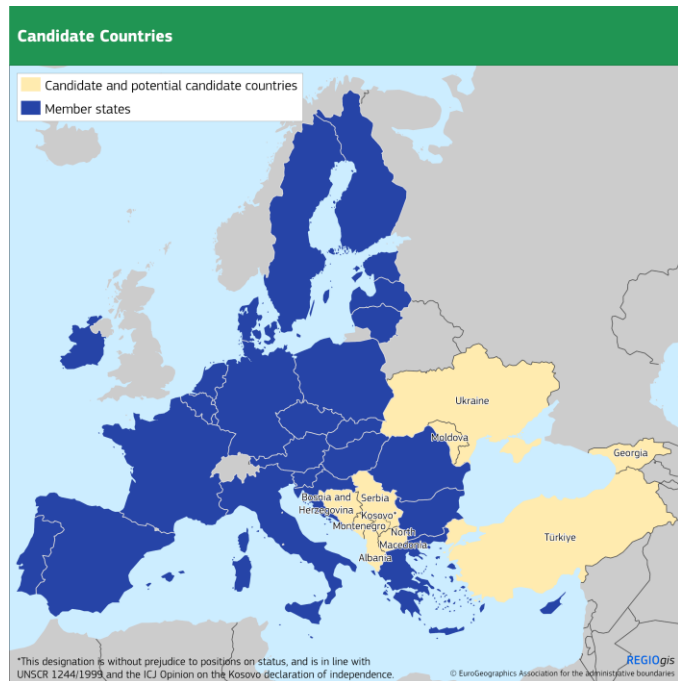
### 1.3.6. Cooperation with the neighbourhood and candidate countries

**REGIO at a glance**

REGIO signed a new action of **EUR 2 million** to support **cross-border cooperation** between Ukraine and Moldova

REGIO has further invested in the EU’s external actions. It contributed to the successful completion of the **screening process of the acquis for Ukraine and Moldova on Chapter 22** “Regional policy and coordination of structural Instruments”. REGIO remains committed to fostering further capacity building initiatives.

In the **Western Balkans and Türkiye**, REGIO is a significant facilitator in the Instrument for Pre-accession assistance (IPA) concerning policy clusters on ‘Resources, agriculture and cohesion’, ‘Competitiveness and inclusive growth’ and ‘Green agenda and sustainable connectivity’. In addition, the Adriatic-Ionian and the Danube Macro-Regional Strategies contribute to the accession process of the candidate countries.



In the **Black Sea region**, REGIO contributed to the Joint Communication ‘The European Union’s strategic approach to the Black Sea region’ that was adopted in May 2025. This highlighted the contribution of the Interreg Black Sea Basin programme to the overall strategy, through transnational cooperation projects.

In 2025, the Interreg cooperation programmes with seven **Southern Neighbourhood** partner countries and Türkiye gained momentum. The Southern programmes operate in a complex geopolitical context, and as such they contribute to strengthening the European Union’s work as a cooperative and reliable partner across the Mediterranean region.

REGIO actively contributed to the Joint Communication on a **new Pact for the Mediterranean** which was adopted in October 2025. The Pact particularly recognises the experience of Interreg cooperation in the area of risk prevention and disaster management.

Finally, REGIO contributed to the implementation of the **Union for the Mediterranean** strategic action plans for 2040, on sustainable urban development and affordable housing.

## 1.4. Promoting Democracy Through Participation, Transparency and Visibility

### PARTICIPATION, TRANSPARENCY AND VISIBILITY OF THE EU ACTION

#### Contributes to General Objective 5

To uphold the Commission's dedication to support democracy and our European values, REGIO steers and supports the **European Community of Practice on Partnership** (ECoPP). The ECoPP advocates for a quality-oriented implementation of the partnership principle, encouraging stakeholders - including workers, employers, academia and civil society - to exchange views and build their expertise in programme implementation at all levels.

Effective investments rely on three elements: strong administrative skills, trustworthy institutions, and the role of citizens in enhancing transparency. Since 2020, REGIO and the OECD have been working closely to engage citizens in investment decisions. The next phase is planned for 2026-2027 with a focus on **innovative citizen participation**, like AI use, and guidance for Managing Authorities and cities to integrate those in the next EU cohesion policy cycle's governance.

Increasing the visibility of EU action is a collective effort, and shared responsibility between project beneficiaries, Managing Authorities, and the European Commission. The **INFORM EU network** enables exchanges on best practice on communicating the policy and its achievements with around 1300 communication officers from all programmes. In 2025, the network met in two plenary sessions in Tallinn and Gdansk, and participated in technical meetings, country team meetings and 15 training sessions to professionalise the communication practice.

In 2025, a record of 500 applications were received for the 2025 **Youth4Regions programme** for aspiring journalists. The **Megalizzi-Niedzielski prizes** were awarded to aspiring journalists showing a strong attachment to the EU and its values. 10.05 million TV viewers were reached with the **EuroNews Smart regions episodes**. 14 **EUinMyRegion Media Trips** took place since its launch, bringing over 400 journalists to Brussels, to learn about EU and cohesion policy. The **Call for Proposals for media applications** show a steady rise, increasing from 106 in 2024 to 162 in 2025 (+52.8%), and then to 214 in 2026 (+32.1%), demonstrating consistent year-on-year growth.

Moreover, REGIO fosters project visibility through social media and local communication campaigns in partnership with regions - notably with the launch of 6 **EU in My Region** campaigns in 2025, as well as 7 **EU in my School** partnerships. The **European Week of Regions and Cities**, the **REGIOSTARS awards** (with a record of 266 applications in 2025), and the **award of the New European Bauhaus Prizes** highlight meaningful projects. Regularly updated platforms like **INFOREGIO** and **KOHESIO**, with over 1.3 million visitors in 2025, provide a wealth of information and are available to all citizens in a user friendly format and easy to understand language. The online **Panorama** magazine and the weekly newsletter **RegioFlash** reached over +35 000 subscribers in 2025 promoting REGIO political priorities and current activities and events.

As in 2025, when EVP Fitto hosted a **Youth Policy Dialogue** with high school students in Vignola, in Italy's Emilia-Romagna region, these dialogues will continue to be avenues for EVP Fitto to exchange on the topic of EU values and impact of cohesion policy in 2026.

## 2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

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

### 2.1. Control results

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

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

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

This section reports on the control results used by DG to support the assurance on the achievement of the internal control objectives (ICO) <sup>(24)</sup>. REGIO's assurance building and materiality criteria are outlined in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems. Annex 8 contains further details on the assessment of the effectiveness of the internal control systems.

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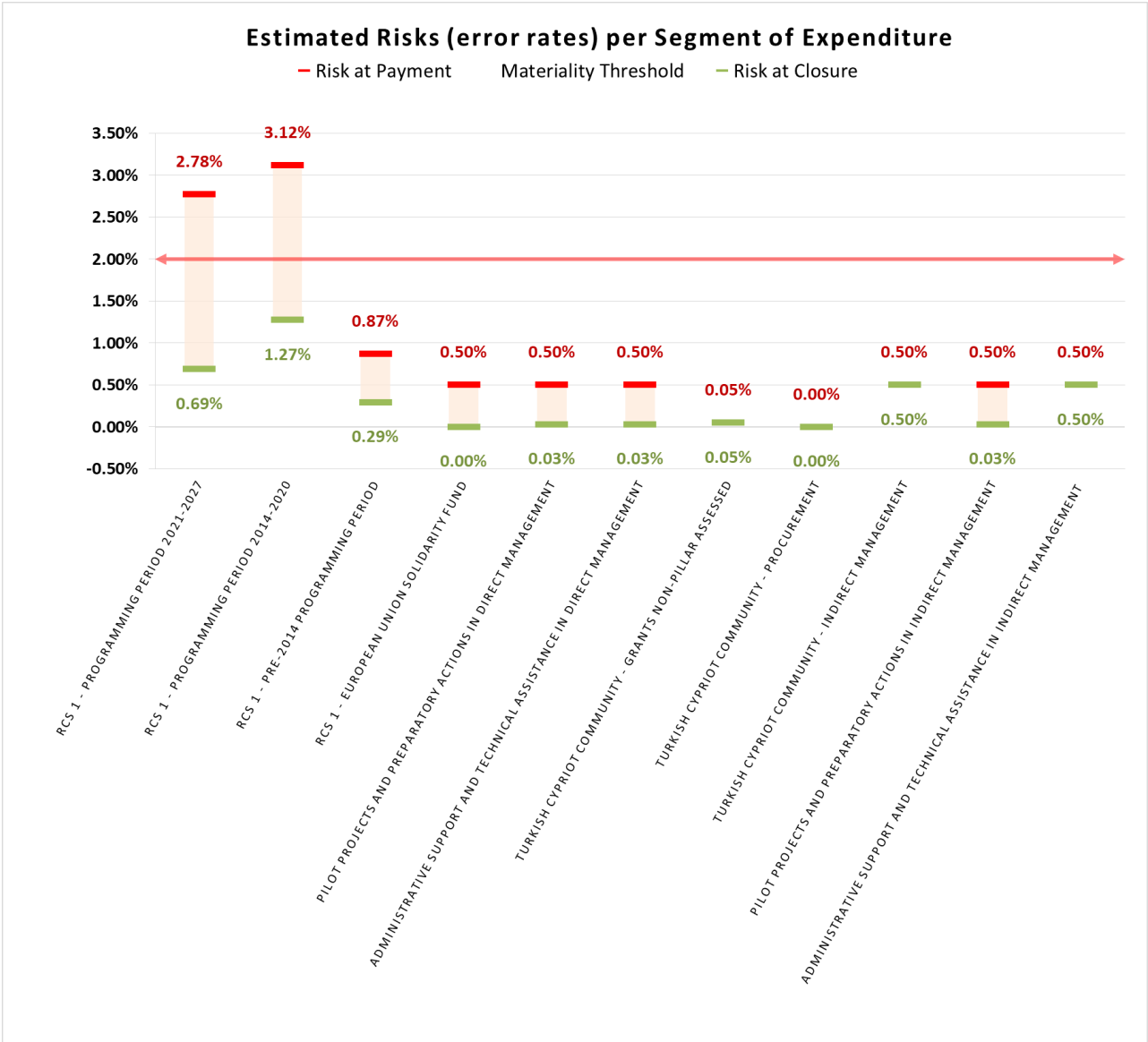
<sup>(24)</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

### Overview table of payments in 2025 (amounts in EUR million)

Activities (Funds)	Management mode	Payments made	% of total
RCS 1 - Programming period 2021-2027	Shared	27 125.26	90.12%
RCS 1 - Programming period 2014-2020	Shared	2 201.83	7.32%
RCS 1 - Pre-2014 Programming period	Shared	89.74	0.30%
RCS 1 - European Union Solidarity Fund	Shared	480.21	1.60%
RCS 1 - Brexit Adjustment Reserve (2021-2027)	Shared	0.00	0.00%
Pilot projects and preparatory actions in Direct Management	Direct	1.40	0.005%
Administrative support and technical assistance in Direct Management	Direct	67.15	0.22%
Turkish Cypriot community - Grants non-pillar assessed	Direct	3.82	0.01%
Turkish Cypriot community - Procurement	Direct	8.84	0.03%
Turkish Cypriot community - Indirect Management	Indirect	22.43	0.07%
European Urban Initiative	Indirect	37.87	0.13%
Urban Innovative Actions	Indirect	0.00	0.00%
Pre-2014 Programming period	Indirect	0.00	0.00%
European Union Solidarity Fund	Indirect	0.00	0.00%
Pilot projects and preparatory actions in Indirect Management	Indirect	0.20	0.001%
Administrative support and technical assistance in Indirect Management	Indirect	59.14	0.20%
<b>Total</b>		<b>30,097.89</b>	<b>100%</b>

## 2.1.2. Effectiveness of controls

### a) Assessment of control results per segment of expenditure



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

The benefits resulting from the Commission controls are further described in Annex 6 under column “Cost-Effectiveness indicators”. Annex 7 provides further details about the **assurance model** and the control architecture applicable to the funds under shared management, in particular cohesion policy funds, and other management modes, as well as a **glossary** to explain the concepts most used in this report.

— **Important changes in 2021-2027 assurance building process as compared to 2014-2020**

The assurance building process for 2021-2027 is similar to 2014-2020 <sup>(25)</sup>. Several changes aim at increasing simplification while maintaining a robust control system, and their implementation is subject to close monitoring through audit and in cooperation with programme authorities:

1. **Management verifications** are now risk based (**RBMV**). Managing authorities are required to focus efforts and resources on the most error-prone areas, following a prudent risk-assessment that must continuously take account of results from all verifications and audits carried out. In 2025, programmes in 21 Member States effectively apply in full or partially RBMVs, while in another 6 Member States programmes still apply a 100% approach for verifications for the sake of prudence. Audits (from audit authorities and the Commission) continuously verify whether managing authorities assess risks and implement RBMV where it is pertinent, to ensure increased efficiency of such management verifications and enhanced capacity to detect errors.
2. In 2025, to reduce the audit burden when systems are proven to be well-functioning based on past audit results, programmes may use **enhanced proportionate arrangements (EPAs)**, which provide a menu of flexibilities and simplifications in verifications and audits. So far 8% of programmes <sup>(26)</sup> apply such flexibilities. Member States can opt to apply EPAs for additional programmes at later implementation stages, would audit results confirm the effective functioning of systems.
3. The CPR provides the possibility for the increased use of simplified, non-real-cost related financing schemes (**SCOs** and **FNLCS**), Based on experience, such schemes are less error prone, and the Commission is strongly encouraging their use (which is even mandatory for smaller operations), mobilising managing and audit authorities.
4. The application of **net financial corrections**, acting as an incentive for robust control procedures, is streamlined. Based on ECA recommendations and the CPR provisions, the Commission now promptly launches procedures <sup>(27)</sup> in cases where expenditure in accepted accounts is found to be irregular and was not detected and reported by the Member State.
5. **Interreg** programmes are audited by the concerned programme audit authorities under a **single audit sample** now drawn by the Commission for all grouped programmes. This represents an important simplification and reduction of the audit burden for Interreg programmes and beneficiaries. In 2025, the total **error rate for the 48 grouped Interreg programmes is under 1%**, demonstrating the lower risk profile of these programmes.
6. A **targeted action plan to improve the detection capacity of programme authorities** was designed by the Commission after thorough discussions with Member States and approved in December 2024. The action plan follows the recommendations

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<sup>(25)</sup> For further details, see Annexes 6 and 7.

<sup>(26)</sup> 16 out of 201 programmes under REGIO lead (excluding Interreg programmes to which EPAs are not applicable). 2 of these programmes cover also support from ESF+.

<sup>(27)</sup> As soon as the audit report is approved.

issued in ECA's and Commission's audits and aims to remedy the weaknesses and deficiencies in error detection identified in the 2014-2020 control work, to improve the legality and regularity of expenditure in 2021-2027. The action plan was followed up throughout 2025 (see details in Section 2.1.2.a).

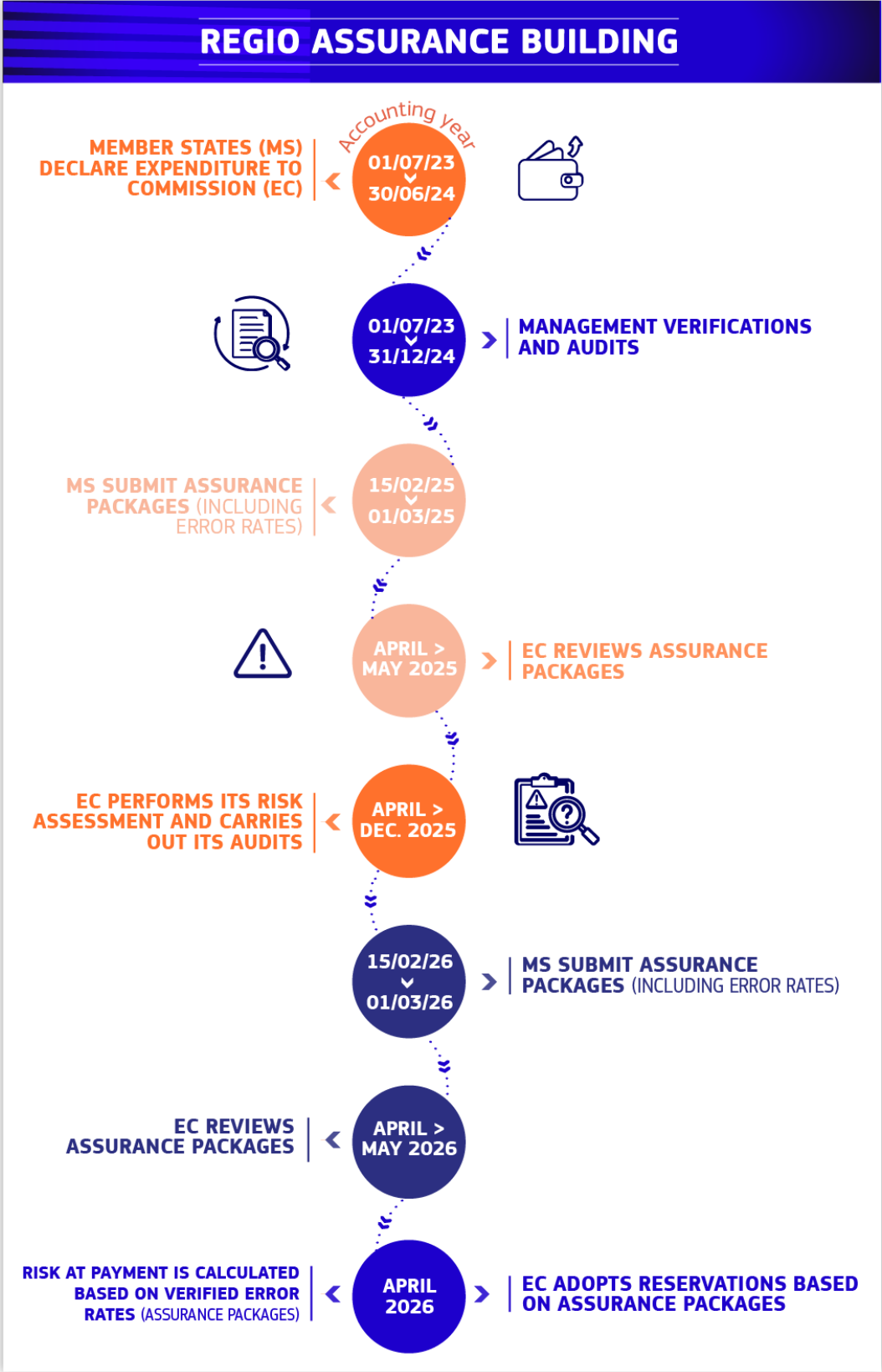
Another specific feature of the 2021-2027 period is the need for Member States to comply with a set of **thematic and horizontal enabling conditions**. The possibility to reimburse expenditure to Member States in each specific area and programme at the start of the period and throughout its implementation is conditioned by the continued compliance with these enabling conditions. As of end 2025, around **97% of the thematic enabling conditions** of adopted Cohesion programmes were assessed as fulfilled (96% in 2024). All Member States fulfilled horizontal enabling conditions (HEC) at the time of signing this annual activity report (AAR), except Hungary for which the Commission concluded that the HEC related to the European Charter of Fundamental rights is not fulfilled <sup>(28)</sup>.

The graph below illustrates the assurance building process for programme accounts submitted and accepted in 2025 and audit cycle reported in the 2025 AAR. The process is described in detail in Annex 7. For 2014-2020 programmes this applied only for programmes that decided not to use the flexibility for one additional year for closure, provided for in the STEP amendment to the CPR, and that provided their closure assurance packages by 1 March 2025.

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<sup>(28)</sup> As regards the specific measures to protect the Union budget against breaches of the principle of rule of law (general regime of conditionality), **Hungary** has not addressed yet the breaches identified in the Council implementing decision N° 2022/2506 of 15 December 2022. Consequently, the country started losing funds due to the n+2 rule under the Conditionality regulation. At the end of 2024, EUR 1.04 billion was reduced from the corresponding financial allocation to Hungary and another EUR 1.08 billion at the end of 2025 (which corresponds to the 2022 and 2023 tranches of the suspended commitments to the three programmes concerned: Energy, Transport and Territorial programmes). Overall, at the start of 2026, **at least EUR 7.6 billion remain blocked** out of the remaining EUR 19.8 billion envelope of CPR funds for Hungary because of the on-going unfulfillment of enabling conditions (including the HEC Charter) and measures under the general regime of conditionality.

**Chart 1: Assurance building process for ERDF/CF programme accounts submitted and accepted in 2025 (similar for both 2014-2020 and 2021-2027)**



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

The **KPI** for legality and regularity **is the weighted average of risks identified for 2014-2020 following a programme-by-programme analysis based on the error rates** reported by the audit authorities for the **closure accounts** <sup>(29)</sup>. This comprises programmes which have sent the assurance packages after last year’s AAR until February 2026. Last year’s AAR already disclosed both the error rates reported by the audit authorities for the programmes submitted then (18 % of programmes <sup>(30)</sup>) as well as the confirmed error rates for all programmes. For the 2025 AAR, the approach for calculating the KPI is particular due to the STEP Regulation impact (programmes could submit the assurance packages for the final accounting year throughout 2025 and until 15 February 2026). For this year, the reported error rates (so-called ‘reportable error rates’) **assessed and recalculated where necessary** by the Commission **following only desk review at this stage** (before completion of all audits), therefore form the basis for the KPI (risk at payment) calculation <sup>(31)</sup>.

For these programmes, audit authorities reported high error rates (3.7% as confirmed by the Commission desk review), showing on one hand that management and control systems were under pressure due to the high level of expenditure still to be declared at closure, but on the other hand that the one year delay provided by the STEP amendment allowed thorough controls, including on the second level (audit authorities). As a result of this significant work done in preparedness for closure (including Commission audits), the programme authorities took significant action and applied significant amounts of financial corrections to bring these high reported error rates at or below materiality level <sup>(32)</sup>. On the basis of the reported residual error rates per programme, of their assessment and adjustments when considered necessary, the Commission services thus calculated **KPI 10 at 2.1% with an estimated prudent maximum of 3.1%** to take account of potential additional, undetected risks. These figures reflect a **fair estimate of the overall risk at payment** for all programmes taken together,

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<sup>(29)</sup> In 2025 Member States certified significant amounts in final accounts for the 2014-2020 programmes (EUR 124 billion), compared to accounts for 2021-2027 programmes (EUR 22.1 billion of expenditure). Moreover, last year due to the possibility offered under the STEP regulation, there was an unusually low submission of accounts (basis for the confirmed error rates this year). This year’s significant increase in submissions of final accounts (with ‘reportable’ error rates for all remaining 2014-2020 programmes and substantial amounts certified in the final accounts) therefore provides a more comprehensive basis to assess the risk at payment. As a result, this year’s KPI for legality and regularity has exceptionally been calculated using reportable—rather than confirmed—error rates for the 2014–2020 period, based on programmes that submitted closure accounts since the last AAR and by 15 February 2026.

<sup>(30)</sup> 6 additional programmes had submitted closure assurance packages before 2025.

<sup>(31)</sup> except for the 48 Interreg programmes grouped under a single, pan-European sample, which reported an error rate below 1% overall. The KPI for mainstream programmes is therefore not impacted by the low risk for Interreg programmes.

<sup>(32)</sup> Audit authorities reported a weighted average residual error rate of 1,7% in their closure assurance packages submitted after the last AAR, meaning that they carried out substantive amounts of financial corrections, as a result of their audits (EUR 1 089,9 million, see annex 7K), to reduce the reported TER of 3.7% to below materiality. However, in its assessment, the Commission found the need for additional corrections in 22 programmes.

following the Commission's programme-by-programme analysis and specific situation of each programme at closure.

The Commission therefore concludes that, **for the 2014-2020 period, a material level of irregularities remains in the expenditure declared to the Commission in 2025, overall**, despite the substantial corrections applied at closure at Member State's level (EUR 5 352,9 million of Member State's corrections in closure accounts, see annex 7K). The Commission assessment allows to identify the **22 programmes concerned**, for which, additional financial corrections thus remain to be applied at closure.

Data from the **2021-2027 programmes** is not factored in in the KPI calculation, as only 33% of programmes have submitted accounts. For these programmes, as done last year, the confirmed error rate is **prudently estimated at 2%** while the maximum risk is estimated at 2.8%, based on professional judgement applied taking account of the particularities of each concerned programme. Additionally, for many programmes with expenditure paid in 2025 management and control systems are assessed to function effectively in the sense that the risk in underlying transactions is covered by the payment retention foreseen in the CPR <sup>(33)</sup>. However, the Directorate-General assessed that deficiencies occurred or are possible for 16 programmes, for which reservations are issued <sup>(34)</sup>.

For the programmes with identified risks (in both programming periods), as well as for any other risks that may materialise (and further increase the error rates) following the signature of this AAR, REGIO will request additional corrective actions to ensure that the error rate is eventually confirmed below 2% for each and every programme, and overall for the Funds. This will entail applying the required additional financial corrections, when necessary, after due contradictory procedures, unless additional audit work provides further audit evidence to the contrary.

Annex 7 provides the list of both total error rates and residual (total) error rates by programme, reported (for accounts accepted in 2026) and confirmed considering the Commission additional audit work carried out (for accounts accepted in 2025), as well as the Commission opinion on the functioning of the management and control system of each (part of) programme.

— **A differentiated situation per Member State and programme: identifying and correcting individually programmes at risk following reporting by Member States (for accounts accepted in 2025)**

Following the reception of **assurance packages by 1 March 2025** (accounts from the accounting year 2023-2024 for any of the two programming periods), the DAC auditors carried out a thorough **desk review of Annual Control Reports (ACRs)** to assess the reported total and residual error rates and audit opinions against all cumulative audit information at its disposal. For programmes/audit authorities for which specific risks have been identified during this process, the DAC also carried out in 2025 risk-based **on-the-spot compliance audits** to re-perform the work done by the concerned audit authorities (see box).

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<sup>(33)</sup> 10% for 2014-2020 and 5% for 2021-2027

<sup>(34)</sup> 1 CZ, 1 DE, 1 EL, 1 ES, 2 FR, 3 HU, 3 IT, 1 LT, 1 PL, 1 PT, 1 RO. See Annex 7 for details on (partially) non functioning programmes and annex 9 for reservations.

**Desk and on the spot review of audit results received from AAs in 2025 (both periods)**

238 system audit reports submitted by AAs in cohesion and reviewed by the Commission

Analysis of error rates reported in 2014-2020 ACRs covering

- 7 836 (parts of) operations audited
- 9% of total expenditure audited
- statistical sampling methods used in 72%

Analysis of error rates reported in 2021-2027 ACRs covering

- 2 609 (parts of) operations audited
- 30 % of total expenditure audited
- statistical sampling methods used in 67%

**REGIO reviewed the work of audit authorities** through 39 compliance audits covering 38 assurance packages (47 programmes): 22 reperformance compliance audits and 17 KR11 audits to review the completeness of check lists used by audit authorities in charge of auditing in 128 programmes

Based on ECA's recommendations and its conclusions in Review 03/2024, and in line with the updated single audit strategy <sup>(35)</sup>, the Commission through programme clustering (in particular for regional programmes) adapted its approach to compliance audits within existing resource limits, achieving **a broader annual coverage of audit authorities and programmes**. The purpose is to provide overall a more robust basis for the Commission results by identifying earlier risks to the detection capacity of audit authorities across a larger number of programmes each year and, where applicable, by reinforcing this approach with **targeted risk-based re-performance audits** of specific operations or horizontal areas. For details on the DAC audits performed, see Annex 71.

As a result of its 2025 **compliance audits covering 39 assurance packages and 47 programmes**, the DAC identified further irregularities to the ones detected by audit authorities in six assurance packages and 9 programmes. This led to **a re-calculated residual risk above 2% in one case** (FR Nouvelle Aquitaine) where REGIO concluded that it could place only limited reliance on the reported audit results. In the other audit assurance packages, the additional errors not detected by the audit authorities have limited impact on the recalculated error rates, and do not call into question the overall reliance the Directorate-General can put on the work of the concerned authorities. However, overall, REGIO's audit result still show that some audit authorities must further improve their error detection, to provide more reliable or precise audit results. The **action plan agreed in December 2024** to improve the detection capacity should contribute to such improvements, to be visible as from the next AAR and over time.

Taking account of all audit results available, for the **accounts** accepted in 2025, REGIO **confirmed a residual (total) error rate:**

- **≤2% materiality for 57 2014-2020 and 89 2021-2027 programmes <sup>(36)</sup>**, and
- **> 2% materiality for 1 2014-2020 and 3 2021-2027 programmes <sup>(37)</sup>**.

These results (complemented by the risk-based audits carried out by the DAC) show **weaknesses in the management verifications** carried out by the managing authorities of the programmes with confirmed total error rates above 2%, responsible to prevent and detect

<sup>(35)</sup> Approved on 22/12/2022 (Ares(2022)8934475) and last updated on 23/12/2025 (Ares(2025)11567478).

<sup>(36)</sup> The data excludes Interreg programmes as they are part of common sample.

<sup>(37)</sup> The data excludes Interreg programmes as they are part of common sample.

irregularities in first instance. But they also demonstrate **weaknesses in the work of a limited number of audit authorities** which failed to detect all irregularities or did not appropriately process the irregularities they identified when calculating the programme residual error rate (with impact on the reported audit opinion and residual error).

REGIO requested **improvements for** respectively **17 audit authorities** out of 81 (based on 2014-2020 results), and for 2 **audit authorities** out of 73 (based on 2021-2027 results).

— **A differentiated situation per Member State and programme: assessment of the most recent audit results for classifying the effectiveness of management and control systems at programme level and deciding on reservations (for accounts received after the last AAR and by 15 February 2026)**

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

**Data in 2014-2020 final ACRs received by Feb 2026**

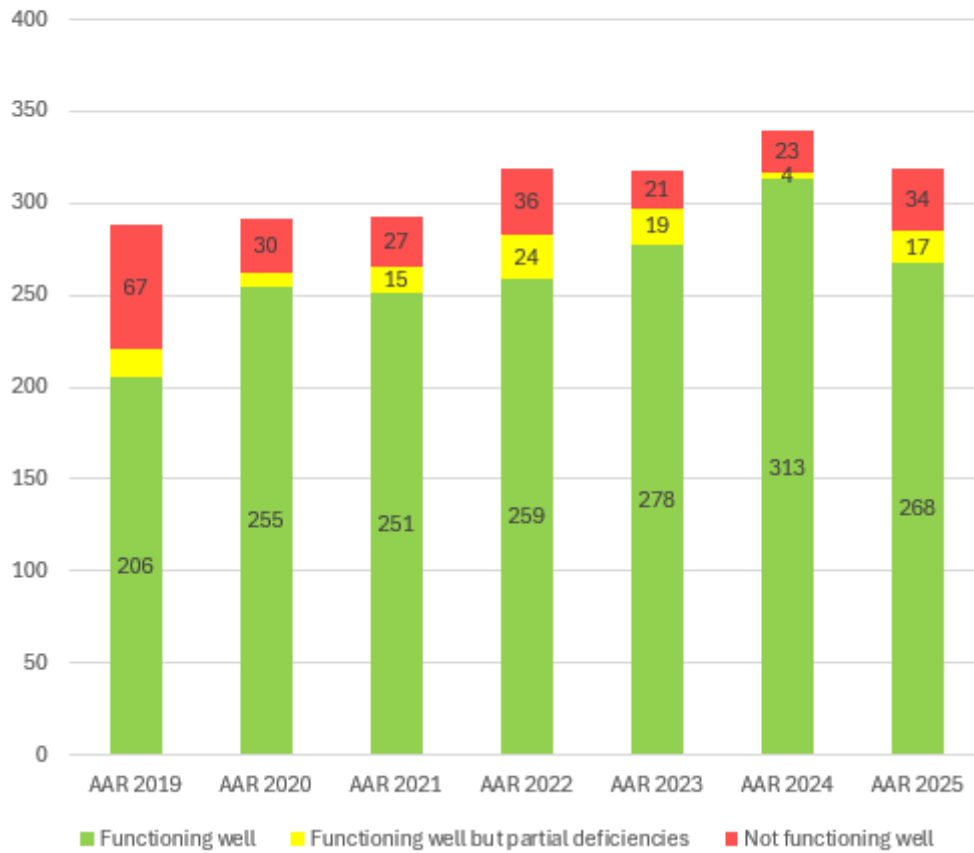
1. 255 (out of 319 programmes) submitted closure assurance packages by February 2026
2. EUR 124 billion certified in submitted accounts (corresponding to
3. EUR 4.2 billion of relevant expenditure for the reporting year)
4. all **accounts** (except one ENI-CBC programme) **can be accepted**.
5. Residual total error rate (RTER) >2% reported in 7 cases.
6. REGIO identified additional material RTER in 15 programmes put under reservation and will request additional financial corrections, if confirmed upon finalisation of the on-going contradictory process.

Based on its assessment of all available audit results, REGIO can conclude by mid-April 2026 that the management and control systems:

- **function well** or sufficiently well for 268 programmes (84%), and 66% of the relevant expenditure;
- **function well except for a part** of the management and control system for which substantial improvement is needed in 17 programmes (5%) and 12% of the relevant expenditure;
- **present serious deficiencies** for 34 programmes (11%) and 22% of the

relevant expenditure. For these programmes, if sufficient financial corrections were applied at closure to bring the RTER at or below 2%, no further corrective action is requested since programmes are being closed. However, the Commission took such information into account to assess the functioning of systems for successor 2021-2027 programmes, when systems remain similar (see materiality criteria disclosed in annex 5).

Assessment of the management and control systems,  
2014-2020, REGIO,  
No of programmes



As a result of the above assessment, **22 programmes** from the 2014-2020 period are put in reservation in this report in case of insufficient corrections carried out to bring the RTER to 2% or below, as the relevant expenditure in the reporting year is materially affected (for details and for a full set of reservations, see Annex 9).

DAC auditors conducted a series of risk-based thematic audits on the **preparation for closure of 2014–2020 programmes**, focusing on different aspects foreseen in closure guidelines depending on the risk assessment carried out for each programme audited (including quality of management verifications in case of important amounts still to certify, financial instruments, major projects, non-functional operations, durability requirements, implementation of previous action plans and resulting financial corrections, etc.). Whilst in most cases the **systems established to prepare of closure were found to be appropriate**, in one Member State auditors identified that the controls were not covering all projects and were largely based on self-reporting. In another Member State, while the controls appeared adequate, they were not reviewed by the audit authority. The two Member States were requested to address these issues before closure.

**The closure of the 2014–2020 programmes comprises two steps at Commission level:** (1) acceptance of the programme accounts and related final implementation report (defined as “**closure**” in the Commission guidelines); followed by (2) confirmation in writing to the Member State **whether all legality and regularity issues** are considered appropriately processed. **Only then closure becomes ‘full’ for the concerned programme from the Commission point of view** <sup>(38)</sup>. Legality and regularity proceedings may continue after the acceptance of the final accounts and final implementation report (in case of identified risks or still remaining open issues) and REGIO can only definitely close a programme when it has assurance that the estimated residual total error rate (RTER) does not exceed 2% for each accounting year of the concerned programming period, and that all identified irregularities and risks were appropriately addressed

by programme authorities. This may entail further compliance or targeted audits on expenditure of the last accounting year and/or following up on any open issues such as prior payment interruptions, suspensions or financial corrections, stemming from previous audit work. So far **73 programmes (23%)** <sup>(39)</sup> **are closed** (the final accounts and final implementation report were accepted). Out of these, “**full closure**” **concerns 21 programmes**, meaning the legality and regularity procedures are also closed.

When it comes to **decommitments at closure**, in 2025, these amounted to EUR 11 million <sup>(40)</sup>. The Commission will continue to report on the state of 2014-2020 closures in subsequent AARs.

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<sup>(38)</sup> the Member State being however still able to report irregularities and corresponding financial corrections.

<sup>(39)</sup> Out of 319 programmes; this includes 6 programmes closed already before 2025.

<sup>(40)</sup> EUR 7 million ERDF and EUR 4 million ENI.

#### Data in 2021-2027 ACRs received by 1 March 2026

198 programmes (out of 298) submitted assurance packages by 1 March 2026

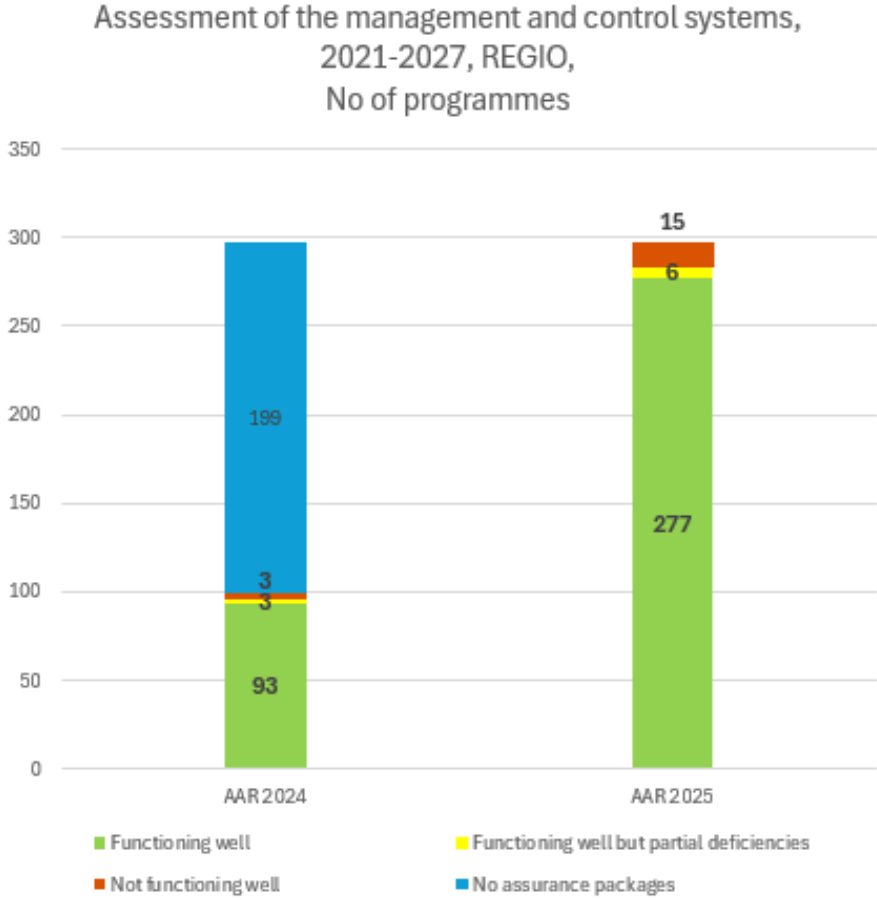
1. EUR 22.1 billion in submitted accounts (corresponding EUR 28 billion of relevant expenditure in the reporting year)
2. All **accounts can be accepted**.
3. No cases of residual error rate (RER) reported by audit authorities above materiality (2%).
4. REGIO recalculated RER above 2% in 3 programmes put under reservation and will request the concerned programmes to apply additional financial corrections, if confirmed upon finalisation of the on-going contradictory process.

**For 2021-2027 programmes**, based on its assessment of all available audit information, REGIO can conclude by mid-April 2026 that the **management and control systems**:

- **function well** or sufficiently well for 277 programmes (93%), and 89% of the relevant expenditure
- **function well except for a part** of the management and control system which present serious deficiencies, in 6 programmes (2%) and 3% of the relevant expenditure;
- **present serious deficiencies** for 15 programmes (5%) and 8% of the relevant expenditure, for which substantial improvements are needed.

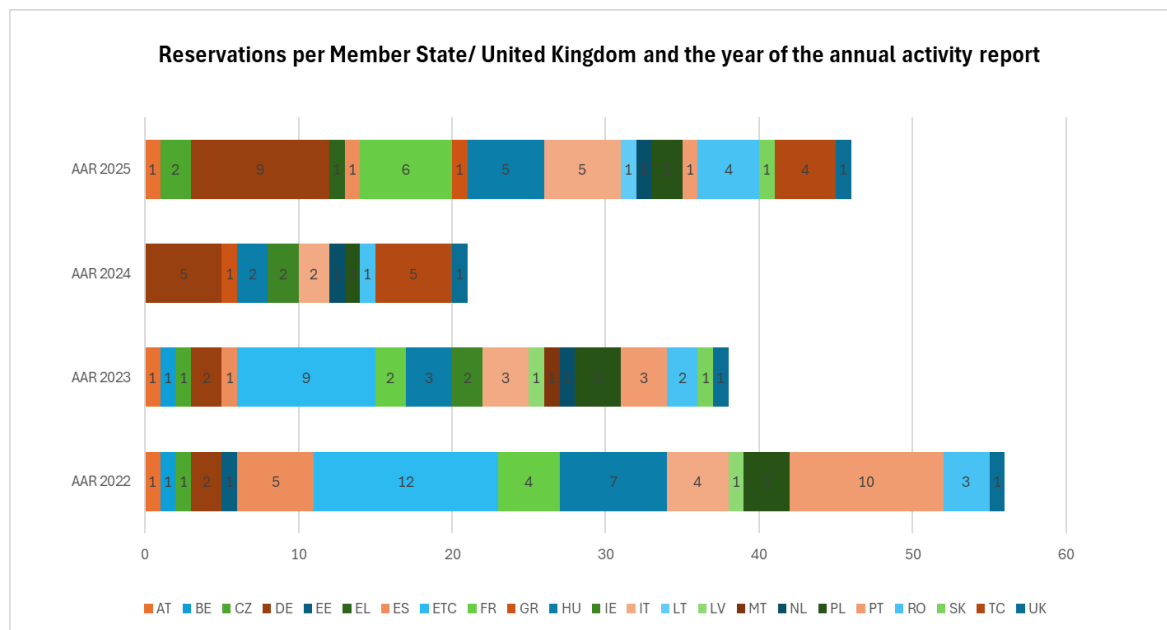
As a result of the above assessment, **13 programmes** (or part of them) for which the risk is estimated above 5% (the payment retention) **are put in reservation** in this report (for details see Annex 9). The Commission requested the necessary improvements to all programmes or part of programmes found to be affected by serious deficiencies, possibly as part of **remedial actions attached to interruptions of payments** when the risk was estimated above 5%.

**Chart 2: Assessment of the management and control systems, number of programmes**



Reservations are only lifted once programme authorities have implemented sufficient corrective measures. The fact that **25 % of last year’s reservations are lifted** shows that corrective measures were effectively already taken by the concerned Member States, thus improving the effectiveness of systems in place and therefore reducing the risk of declaring irregular expenditure for the concerned programmes.

**Chart 3: Reservations per Member State and the year of the Annual Activity Report**



In addition, REGIO systematically requests programme authorities it audits to report to OLAF the related notification numbers in the **IMS system** for the irregularities detected, **transmits to OLAF the fraud suspicions** raised in its audits monitors **OLAF open investigations and follows up their conclusions** (see section b) ‘Fraud prevention, detection, and correction’ in section 2.1.2. (c)). below and Annex 7, in particular 7Q.

To conclude, the tools and audit procedures established by **REGIO** allow to **analyse the individual situation of each programme, to report in the AAR** the specific, individual weaknesses identified as well as the overall, aggregated situation for the Funds concerned under Cohesion policy, to issue **the necessary reservations** for the individual programmes concerned and to disclose the **additional remedial actions requested** from the concerned programme authorities, including **payment interruptions or additional (net) financial corrections** (see Annex 7K for details).

— **The multi-annual corrective capacity to bring the “risk at closure” ≤ 2%**

**Each year programme authorities withdraw important amounts from the programme accounts before their submission to the Commission**, when their management verifications or audits detected irregularities or raised doubts concerning expenditure previously declared (see box).

**At closure** of the 2014-2020 programmes, such withdrawals **became definitive deductions**. Member States **reported substantial amounts of definitive deductions at closure**, demonstrating that the time given under the STEP regulation was used to carry out thorough verifications and apply additional corrections and deductions for the last and past accounting years, as necessary. **Closure functioned as a last filter or security net** to exclude additional irregular or incorrectly reported amounts.

<b>Amounts withdrawn from annual accounts</b>		
<b>(EU share, last received accounts and cumulatively)</b>	<b>2014-2020</b>	<b>2021-2027</b>
<b>Contribution withdrawn from accounts</b> (definitively, or temporarily for 2021-2027, based on programme authorities' work and follow up to EC requests for corrections)	Accounting year € 5 353 million	Accounting year €427 million
	Cumulative €18 176 million	Cumulative €807 million
<b>Including definitive corrections</b> (audit authorities' work, at least amounts)	Accounting year €1 090 million	Accounting year €72 million
	Cumulative €3 044 million	Cumulative €123 million
<b>Financial corrections at the initiative of REGIO (as result of DAC audits, ECA audits, OLAF investigations, cumulatively)</b>	Accounting year €146 million	Accounting year €11 million
	Cumulative €1 051 million	Cumulative €11 million

Moreover, since the beginning of the 2014-2020 period, additional **financial corrections at the initiative of REGIO** and accepted by the Member States (as part of DAC follow-up procedures following its audits, ECA audits or OLAF investigations) **amount in total to EUR 1 051 million** (EU contributions), sometimes after launching formal procedures under Article 145 CPR. In four cases, REGIO launched procedures for **net financial corrections** under Article 145(7) CPR (UK, SK, AT, FR) <sup>(41)</sup>. The 2014-2020 legal framework foresees strict criteria to be respected for the Commission to implement net financial corrections. In the Commission's view the above figures of deductions at Member States' level show that **the mere existence of this legal provision had, in practice, a deterrent effect, increasing the protection of the EU budget.**

<sup>(41)</sup> In total the Commission has also **launched five net financial corrections procedures** so far for multi-funds and ERDF/CF programmes. One ERDF procedure was closed due to lack of legal basis, **one net financial correction decision was adopted** in 2025 (Slovakia ERDF) and three procedures are at an advanced stage (Austria ERDF, Italy ESF, France ESF/ERDF).

**Ineligible overhead costs declared by research institute in Germany**

In a horizontal ongoing thematic audit to follow up an ECA finding, the Commission auditors detected ineligible overhead costs in **8** German programmes. The audited research institute declared indirect costs of approximately 100%, while the Commission auditors consider there is no evidence that a significant part of these contribute to the co-financed operations. The auditors estimated that part **of ERDF** declared research and development expenditure in the 2014-2020 period is ineligible. To avoid such findings in the 2021-2027 period the programmes have established simplified cost options ensuring equal treatment of this research institute with all beneficiaries.

For 2021-2027 programmes, some of the reported deductions are prudent, temporary withdrawals pending further verifications <sup>(42)</sup>. However, they also include definitive implemented corrections as the result of management verifications, audits by audit authorities (EUR 123 million cumulatively so far<sup>43</sup>) or accepted findings from Commission audits, ECA audits and OLAF investigations.

**In addition to the Member States' corrective capacity and its power to request additional financial corrections when considered necessary, REGIO also uses the regulatory tools at its disposal to stop payments and thus protect the EU budget**

(interruptions, suspensions, see details in Annex 7J) when system deficiencies, high error levels or serious individual irregularities are identified. In such interruption letters the DG requests **remedial actions**, so called "exit points"

which allow the concerned programme authorities to know what actions they need to implement. Remedial actions typically include **financial corrections** for past expenditure declared (in the on-going or in previous accounting years, for corrections applied in 2025, see Annex 7), and **measures to improve the functioning of the management and control systems** and of the concerned authorities / intermediate bodies, with a view to prevent recurrence of irregularities in the future <sup>(44)</sup>. REGIO does not resume its payments to the concerned programmes **until it has audit evidence** that appropriate financial corrections were applied and/or the systems were improved as requested.

REGIO monitors these proceedings and action plans as long as necessary, including at and even after **closure** (the payment of the balance at closure can be interrupted).

Finally, where REGIO re-calculates a residual (total) **error rate above 2%** for a programme, following due contradictory procedures (right of defence), it **requests additional corrective actions, including additional work and/or financial corrections** to bring the programme's

<sup>(42)</sup> REGIO cannot establish an estimate since the regulatory basis does not require Member States to provide separate figures in the accounts, apart for definitive corrections stemming from audits. Part of these temporary withdrawals may be re-declared once the managing authorities have ascertained the regularity of the expenditure. Re-introduced amounts may therefore be selected for audits by audit authorities as part of their statistical or complementary samples. The DG also requested audit authorities to carefully monitor and report in their (final) annual control reports the follow-up given to such temporary withdrawals. Otherwise, the withdrawn expenditure can also become a definitive correction. At closure, all withdrawals became definitive deductions / corrections.

<sup>(43)</sup> Amounts indicated in the accounts are a minimum since ECA or Commission audits found that audit authorities do not report all amounts concerned in their entirety.

<sup>(44)</sup> This includes the follow-up to agreed ECA findings on individual operations, which may point to the need for system improvements for the audited programmes. See in particular ECA recommendations in their 2021 and previous Annual Reports, which are systematically followed up (see annex 8B with a section dedicated to ECA audits).

residual risk below 2%. Such additional financial corrections contribute to reduce the programme individual risk at payment, and therefore also the overall one, at 2% or below, for each concerned year. This is the so-called **“risk at closure”**. For the 2023-2024 accounting year under review (programming period 2014-2020), REGIO estimates that once the required additional corrective measures including financial corrections will have been applied for programmes still found to have a residual total error rate above 2%, the **risk at closure will come down to 1.3%**. This calculation is, at the date of signature of this report, an estimate of the future corrective capacity based on e information available <sup>(45)</sup>.

Each year the Directorate-General is assessing the corrective actions effectively implemented and is re-calculating the updated risk at closure for previous years taking into account the resulting additional accepted and/or implemented financial corrections. This recalculation also takes account of additional audit evidence collected (e.g. re-assessment of certain situations based on additional audit work carried out bringing new evidence, or lesser corrections effectively implemented in line with applicable rules) <sup>(46)</sup>. REGIO can thus conclude, following implemented corrective measures implemented following previous AARs, that **the risk at closure is now effectively below 2% for all previous accounting years**, based on evidence. This confirms the ‘risks at closure’ estimated in previous years’ AARs. **The Commission’s multiannual corrective mechanism** therefore **effectively ensures a residual risk below 2% over time** for all programmes, as well as overall.

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<sup>(45)</sup> The risk at closure is calculated based on the risk at payment, minus additional financial corrections estimated in the reported year or accepted by the Member State for past years, account taken as well of applied corrective measures (e.g. additional verifications to re-calculate the effective risk in the audited population, which may be lower than the risk estimated in the reporting year). Potential additional risks reflected in the maximum risk calculated by the DG (as disclosed above) are considered for additional diligent audit activities (which in turn allow to refine the calculation of the risk at payment for the concerned programme, if additional audit evidence is collected). The risk at closure is thus not calculated based on the maximum risk, since the Commission could not impose additional financial corrections without due audit evidence of whether these risks of additional irregularities materialised or not. The Commission corrective capacity is thus closer to the estimated future corrections corresponding to the actual (lower) risk at payment, and not to the maximum risk.

<sup>(46)</sup> For 2014-2020 (as from 2017 till 2025), the cumulated financial corrections to bring the RTER to 2% for remaining programmes were estimated at EUR 2 498 million (in EU contribution). Cumulatively, EUR 592 million of financial corrections requested by the Commission were accepted (and in part already implemented) by the Member States to reduce the RTER at or below 2%, as reflected in the table presented in Annex 7K. These corrections, taking also account of further audit evidence collected that may have reduced the future corrections previously estimated to be needed, allowed to bring the RTER to or below 2% for the concerned programmes. Other programmes, still under on-going procedures at closure, may generate further corrections that will further reduce the re-calculated risk at closure. It is important to underline that cumulatively throughout the programming period **the Member States have protected the EU budget with at least 3 044 million** (definitive corrections as result of audit authorities work). For the 2021-2027 period the Commission will start reporting the state of play of implemented financial corrections on residual error rate (RER) above 2% as of the next AAR.

## — **Actions taken in 2025 to improve the programme authorities' administrative capacity and effectiveness of management and control systems**

Considering that the Commission and ECA still identify weaknesses in the management and control systems and the fact that the KPI 10 remains above materiality, the Commission took further action with the programme authorities to further improve the management and control systems **in the 2021-2027 period**. Namely, REGIO has:

- Requested programme authorities to implement an **action plan to improve the detection capacity of programme authorities**, comprising a menu of 22 actions designed with the Commission following the recommendations issued in ECA's or Commission's audits to remedy the weaknesses and deficiencies identified in the 2014-2020 control work (see below).
- **Updated the Commission Single Audit Strategy** to target high-risk areas, taking account of resources constraints, by:
  - increasing significantly the coverage of programmes through its on-the-spot audits;
  - reflecting its new approach for compliance audits (faster, preventive and targeted).

## **2024 Action plan to enhance the detection capacity of the Member States' programme authorities control systems**

In 2024, the Commission launched a participative debate with both audit and managing authorities to identify key actions to address the weaknesses in the management and control systems and enhance the authorities' detection capacity. As a result, in December 2024, the Commission and the audit authorities agreed on an action plan. The action plan outlined a series of initiatives aimed at boosting the effectiveness of the control processes and error detection capacity. It proposed a menu of 22 actions to be taken mainly by audit authorities, but also by managing authorities and their intermediate bodies, based on all audit recommendations issued during the period.

The proposed actions targeted the following categories: dissemination of information to beneficiaries, analysis of errors, enhanced use of IT tools, training of staff in charge of management verifications or audits, enhanced preventive role of audits, adequacy and completeness of checklists, effective audit practices in line with audit standards. The programme authorities were invited to select and implement the actions applicable to them, depending on the audit recommendations ECA or the Commission had addressed to each of them.

Throughout 2025, the Commission monitored the implementation of the actions (as applicable for each authority), including through two surveys addressed to managing and audit authorities respectively to evaluate the overall uptake of the actions. Progress on the action plan was discussed in the annual coordination meetings between the audit authority / authorities of each Member State and the Commission. The findings from the surveys indicated positive developments already in place, but also that continuous efforts are essential in the areas of support to beneficiaries, risk-based management verifications, knowledge management

(including staff trainings), use of artificial intelligence (AI) and available databases in control work, and collaboration between managing and audit authorities.

The responses from managing authorities indicated that while significant efforts are made to inform and support beneficiaries, emphasis should continue to be placed on:

- strengthened support to beneficiaries in understanding of the rules, particularly in the areas of public procurement and eligibility;
- conducting regular analyses of past errors and using the information gained to update the risk assessments underlying the risk-based management verifications in 2021-2027; providing feedback to staff and beneficiaries;
- knowledge management: reconsideration of training needs and planning, effective dissemination of information among staff, enhancing the knowledge of staff involved in management verifications in the areas of eligibility, public procurement, State aid and supporting documentation;
- exploring the use of AI and opportunities for databases interoperability in management verifications.

The feedback from audit authorities confirmed that the action plan was well received and considered a valuable tool for strengthening the quality of audit activities. Audit authorities reported progress in several areas, including analysing root causes of errors and sharing results with managing authorities, updating and upgrading audit checklists for 2021–2027, and better using various databases to support audit work.

Feedback on the implementation of the action plan shows that there still are important areas to improve:

- knowledge management: staff training, establishing and maintaining a permanent audit file for further reference for auditors about previous audit findings in the programme / beneficiaries, setting up and using a database of findings;
- updates of audit procedures and checklists as experience from audits grows;
- updates of audit strategies with the risks identified in the root cause analyses;
- use of AI and available databases (e.g. Arachne) in audit work;
- continuous open collaboration with managing authorities, including sharing checklists with examples of findings and exchanging of information on specific actions taken.

### Enhancing error detection: key actions by audit authorities

In line with the action plan, as shown by the survey carried out, audit authorities (AAs) have taken **concrete actions** to boost their error detection capabilities. Below are notable **examples** from several Member States.

The **Czech AA** has adopted a **structured and collaborative approach to its relations with MAs**. It analysed **root causes of past errors** and issued tailored recommendations to MAs to prevent recurrence. Additionally, the AA developed a comprehensive questionnaire for all MAs, aimed at identifying opportunities to improve their procedures and practices. To foster transparency and a shared understanding of regulatory requirements, the AA publishes an overview of **audit findings** in its annual reports, making them accessible to all stakeholders.

The **French AA** has implemented a comprehensive strategy to enhance the **quality of its audit work**. Key initiatives include the establishment of a **dedicated system audit unit** and the enhancement of the **quality review procedure** which foresees on-the-spot visits to regional audit teams. To promote consistency and learning, the AA regularly distributes summaries of anonymised **audit findings**, highlighting common irregularities, to auditors across the regions. The AA has also introduced a range of internal tools to improve **communication, collaboration and efficiency** of work processes, including a broad-scope collaboration platform, a legal information newsletter, a catalogue of trainings. Furthermore, the AA is committed to sharing and **promoting action plans among MAs** to strengthen irregularity detection efforts.

The **Romanian AA** has prioritised upskilling its workforce and increasing the **efficiency of its work processes**. Investments in **staff training** ensure auditors remain highly competent, while a **new IT system** aims at streamlining audit procedures and enhancing data management. The AA has also updated and **simplified audit manuals and checklists**, enabling auditors to concentrate on higher-risk areas. The AA is committed to expanding the use of **AI** for automated risk assessment, further reinforcing its detection capabilities.

The **Slovak AA** has taken an **innovative approach to knowledge management and communication** with stakeholders. Its audit checklists with **examples of findings** are publicly available on the AA's website, aiming at increasing a common understanding of the applicable rules. The AA also shares insights into **common deficiencies** identified during its audits, supplemented by an overview of anonymised significant findings from the Commission and ECA audits, providing valuable guidance to beneficiaries and MAs. **Methodological improvements** include revised audit guidelines, updated checklists, a thorough internal quality review process.

The Commission will further monitor the implementation of the actions in 2026, namely by discussing progress with audit authorities both in relevant experts' groups (ESF+, CPR, Audit Community Forum) as well as bilaterally (targeted discussions focused on problematic areas in the annual Audit Coordination Meetings).

Given the crucial role of managing authorities in error prevention and detection and the need to strengthen detection capacity at the level of management verifications, the Commission will further advise them on possible targeted concrete measures to take in that respect, including by encouraging them to use SCOs or FNLCs to declare expenditure and avoid the real costs complexity.

Collaboration of all actors involved in Cohesion policy implementation is essential for its success. The Commission maintains continuous channels of communication with all programme authorities and encourages them to further strengthen a collaborative dialogue between themselves and with their counterparts.

Additionally, each year, REGIO (with the help of the DAC) undertakes several actions to improve the effectiveness of management and control systems in reducing the error rate (more details and examples in Annex 7);

- In addition to the dedicated action plan to improve their detection capacity, **supporting the managing authorities and audit authorities to improve their**

**administrative capacities** through continuous guidance, targeted support, information and training sessions, peer-to-peer exchanges and transnational networks to simplify procedures and avoid gold-plating.

- **Promotion of less error-prone SCO and FNLC** by assisting and supporting programme authorities to prepare and assess the SCOs and FNLCs in 2021-2027 programmes as well as to understand the requirements in terms of control (see section 1). SCOs reduces the administrative burden of implementation as well as of audits and verifications and also help reduce the error rate. The audit community contributes to the

#### **From Arachne to Arachne+**

Arachne+ represents a key step in the evolution of the Commission's risk analysis framework, marking the transition towards a more integrated and corporate approach across all management modes. Reflecting the advanced stage of the project, the Commission services have decided to proceed with the service activation of **Arachne+**, followed by its rollout to Member State and Commission users planned to be completed by mid-2026. Arachne+ will progressively replace the current Arachne, which will be decommissioned.

Arachne+ introduces a streamlined set of risk indicators (reduced from 107 to 77), with a possibility for the user to focus only on a few ones, improving the accuracy and relevance of risk scoring. It also includes enhanced data quality and aggregation logic, integration of beneficial ownership data, and improved entity resolution capabilities. The tool benefits from new technologies enabling more user-friendly, searchable and easily readable information, as also reflected in the positive feedback received through the Member States' confidence check.

Next step is about further interoperability with EU and external data sources. Arachne+ also foresees the gradual integration of advanced analytics and artificial intelligence, with a view to strengthening risk detection and supporting a more harmonised use across all management modes.

prior assessment of SCO schemes submitted to the Commission for adoption in programmes and actively participates to the corresponding transnational network meetings. Despite not having a formal role in the definition of FNLCs, the DG encourages audit authorities to provide advisory services when such schemes are being defined, to also enhance and clarify their auditability.

- **Providing the data mining and risk-scoring tool Arachne (and as from 2026 Arachne+) to Member States** free of charge, thereby enhancing their capacity to detect irregularities, fraud risks and potential conflicts of interest.

- Arachne is currently used in 24 Member States and the United Kingdom for at least one programme, with approximately 9 837 users and a steadily increasing number of connections (approx. 13 275). 46% <sup>(47)</sup> of programmes are covered (i.e. data are uploaded for approved or ex-ante projects). REGIO further promoted the tool's use in 2025 among reluctant Member States together with DG BUDG, and we observe

increasing interest, with two of them recently starting to upload data in Arachne for some programmes. The system is based on a set of risk indicators combining operational programme data with external data sources, enabling structured risk analysis at project, contract and beneficiary level.

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<sup>(47)</sup> 279 out of 617 (programmes for both programming periods)

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

When the Commission auditors (DAC) identify errors not detected by an audit authority, it carries out an assessment to verify if the non-detection is punctual or due to a more systemic issue (lack of appropriate checks, gap in the audit approach or wrong interpretation of the applicable rules). Recommendations to strengthen or correct the approach are addressed to the concerned AAs and dedicated work sessions are organised, as needed.

From audits carried out in 2025 [REGIO] for the ERDF/ CF/ ENI/ JTF, DAC reported 107 project findings (as well as 246 system findings) in relation to 401 operations audited. Most of the previously non-detected errors reported by DAC concerned the areas of ineligible expenditure (31%), State aid (23%) and public procurement (19%).

This led to the implementation of corrective measures, including requests for the necessary financial corrections, and additional training requested from the concerned authorities to address the root-causes of non-detection of such errors by the programme authorities in first instance.

**Continuous analysis of the root causes of errors** that had remained undetected by managing authorities and/or audit authorities and were subsequently detected by the Commission or ECA audits is performed; the results of this analysis are feeding the DAC annual risk assessment for selecting programmes for risk-based audits. REGIO also **encourages audit authorities to report back and discuss with managing authorities the undetected errors** to improve their preventive and detective capacity, e.g. by putting in place further guidance and/or trainings for both managing authorities' staff and beneficiaries and to correspondingly update the risk assessments underlying the risk-based management verifications.

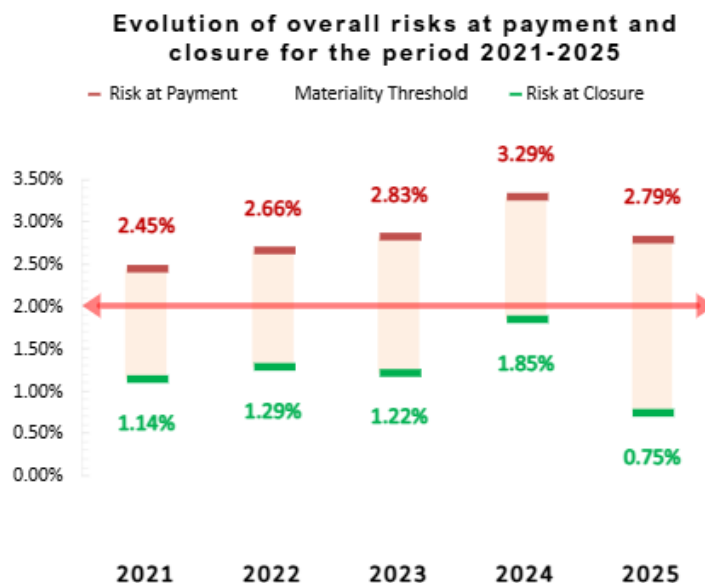
More details on the most common type of irregularities reported in 2025 by audit authorities (i.e., not detected by managing authorities) and by REGIO are presented in

Annex 7, in accordance with the common typology of errors agreed and shared between the Commission and the Member States.

### — **Other management modes and other funds assurance building process**

The assurance building processes and the control results for ENI-CBC, EUSF, expenditure spent in direct and indirect management are described in detail in Annex 7.

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



The estimated overall risk at payment for 2025 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year that is not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. A proportion of the underlying errors will be corrected in subsequent years and until the end of the programming cycle, corresponding to the conservatively estimated future corrections for 2025 expenditure. The difference between the risk at payment and the estimated future corrections results in the estimated overall risk at closure <sup>(48)</sup>.

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

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

There is an increase since 2024 mainly due to the fact that the Member States conducted their final corrections in the last accounting year. The latter covering in most of the cases a period of two years because of the STEP regulation, hence the increased in the amounts in the accounts submitted (which also contained the REACT EU amounts at closure)

<sup>(48)</sup> This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

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

With its controls set-up within REGIO and the Member States, there is an effective mechanism in place for detecting and correcting errors, reaching in 2025 respectively EUR 5357 million of corrective measures, accompanied by preventive measures of EUR 422.7 million complemented by EUR 27.1 and EUR 27.8 million of controls related to the 2014 – 2020 / 2007 – 2013 periods respectively. For details see the detailed tables in Annex 7.

These increased amounts show that at closure, the Member States reported significant amounts of deductions, indicating that the additional time granted under the STEP Regulation was effectively used to carry out thorough verifications and, where necessary, apply further corrections and deductions for both the final and previous accounting years. The overall increase also of the submitted accounts (and the one-off inclusion of REACT-EU expenditure at closure), influences positively the increase of the overall corrections.

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

Since 2008, REGIO is implementing its **Joint Anti-Fraud Strategy (JAFS) for Shared Management**, developed with EMPL and MARE<sup>(49)</sup> on the basis of the corporate methodology provided by OLAF. The strategy has been regularly updated, the last time in March 2026 following an extensive fraud risk assessment carried out by the DAC during 2025 resulting in a revised Joint Anti-Fraud Strategy Action Plan that will cover the years 2026-2028. The JAFS implementation is monitored and reported to senior management at least once per year. All actions foreseen in the joint anti-fraud strategy for shared management have been implemented or are on track<sup>(50)</sup>.

As [co-] lead service for actions 11a, 12, 14, 15, 18, 19b and 36 of the **Commission Anti-Fraud Strategy (CAFS) Action Plan** of July 2023<sup>(51)</sup>, REGIO has also implemented all foreseen actions for Cohesion policy under the CAFS.

Last, audit authorities have an obligation to audit the effectiveness of anti-fraud measures put in place as part of the management and control system for cohesion policy funds (KR 7). The Commission is continuously monitoring that this is the case and, in particular, that fraud risk assessments are appropriately updated for 2021-2027 programmes. Based on reported audit results, OLAF reporting (namely PIF report) and information published by EPPO, REGIO monitors the situation in the different Member States and programmes and takes them into account in its audits and monitoring of the concerned programmes.

As part of its **zero tolerance to fraud** underlying their audit and anti-fraud strategies, the Directorate General closely cooperates with OLAF, takes preventive measures when fraud suspicions are raised (by requesting the programme authorities to refrain from declaring expenditure for the concerned operation(s)), and follows up all recommendations issued by

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<sup>(49)</sup> MARE adopted the JAFS at its first revision, in 2010.

<sup>(50)</sup> details are available in Annex 7

<sup>(51)</sup> COM(2023) 405 final and SWD(2023) 245 final

OLAF, when legally possible. During the period 2020-2025 REGIO received 174 OLAF financial recommendations (Final Reports) for which the follow-up is ongoing for around two cases out of three (111 cases). As part of its efforts to follow up OLAF recommendations, during 2025, REGIO has:

- fully implemented nine financial recommendations from OLAF;
- partially implemented five financial recommendations, because only part of the findings reported by OLAF were supported by sufficient legal basis to implement financial corrections;
- decided not to follow five financial recommendations issued by OLAF, because the Directorate General assessed that OLAF's findings and observations were not supported by sufficient legal basis to implement financial corrections.

Corrective measures based on OLAF recommendations are reported on in the context of annual monitoring exercises conducted by OLAF, in accordance with Article 11 of Regulation 883/2013 <sup>(52)</sup>.

Moreover, in 2025, REGIO received 92 notifications regarding EPPO investigations. The relevant REGIO departments were provided with these notifications, necessary to initiate appropriate precautionary and recovery measures.

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

- REGIO has carried out a fraud risk assessment on shared management allowing to get an updated picture of existing fraud risks.
- REGIO, jointly with DG EMPL, has supported the anti-fraud capacity building of the national authorities **by providing 34 trainings, seminars and presentations** on detection and prevention of fraud.
- REGIO maintained a close cooperation with OLAF on ongoing reported or investigated cases, with a total of 19 bilateral **meetings** having taken place during the year.

Based on the results reported by the audit authorities on the effectiveness of KR7 (effective anti-fraud measures) and available information, REGIO has reasonable assurance that the anti-fraud measures in place in the different Member States and programmes are effective overall. Furthermore, to strengthen its anti-fraud capacity, in 2025 REGIO has performed a comprehensive fraud risk assessment and finalised, with EMPL and MARE, a new Joint Anti-fraud Strategy covering the funds managed under the shared management mode. Its action plan will be implemented during the period 2026-2028.

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<sup>(52)</sup> [REGULATION \(EU, EURATOM\) No 883/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office \(OLAF\) and repealing Regulation \(EC\) No 1073/1999 of the European Parliament and of the Council and Council Regulation \(Euratom\) No 1074/1999](#)

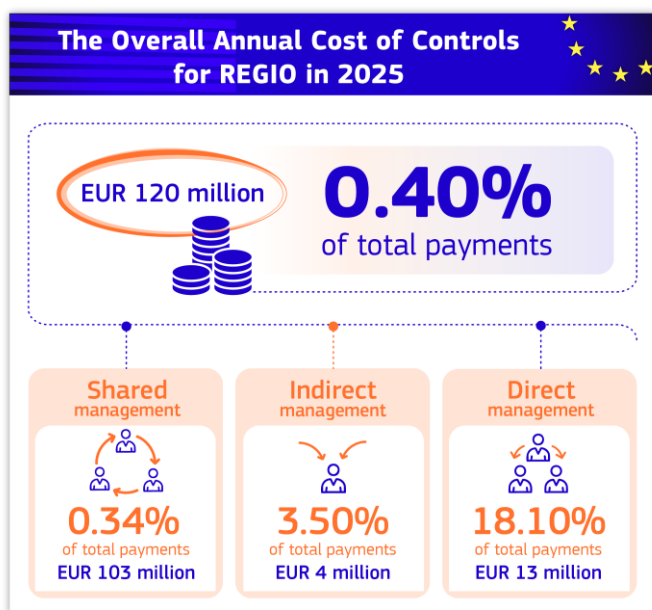
### 2.1.3. Efficiency of controls

The transition in 2025 to the Commission’s new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. In some cases, this resulted in lower performance for some standard financial indicators such as the timely payments (see Annex 4).

In 2025, 3 555 payments were authorised by REGIO. In the first quarter 2025, a limited number of large payments under shared management were delayed due to technical reasons, accounting for EUR 848.5 million in payments made outside of the applicable deadline. Overall, 95% of payments in 2025 were made within the applicable deadline. The Commission average is 97%.

The time-to-inform and time-to-grant deadlines were respected for all applications for grants concluded by REGIO in 2025.

### 2.1.4. Economy of controls



The overall **annual cost of controls** <sup>(53)</sup> for REGIO in 2025 is estimated at **0.40%** of total payments. While this represents a 46% increase relative to total payments, the increase of costs in monetary terms is limited to 8%, rising from EUR 111 million in 2024 to EUR 120 million in 2025.

Under **shared management**, the cost of controls amounts to **0.34%** of total payments, for **indirect management** it represents **3.50%**, and for **direct management** it amounts to **18.10%**. See Annex 7 for more details.

The overall higher percentage relative to total payments is mainly due to a decrease in total payments (-26% compared to 2024) and the increase of staff costs (3.3% for civil servants). The majority of staff costs included in the calculation correspond to supervisory and control activities by geographical and audit units <sup>(54)</sup>.

<sup>(53)</sup> Ex-ante and ex-post combined. Excludes evaluation activities.

<sup>(54)</sup> Considers staff in geographical desks (controls in design, implementation and monitoring); audit (assessment of management and control systems in Member States, including the Commission’s ex-post audits); service providers to geographical desks (competence centres and units responsible for financial instruments); finance; legal affairs and IT systems; the cost of IT

The payment decrease reflects the programming cycle and should be higher again in 2026. Contrary to last year, programmes of the 2014-2020 period were no longer submitting large payment claims, while the 2021-2027 programmes submitted a large volume of claims at the end of the year, some of which can only be paid in 2026.

The increase in the cost of controls under direct and indirect management is explained by the decrease in total payments and the increase of staff costs, as well as the transfer of an additional unit dealing principally with direct management to REGIO.

Regarding the cost of controls in Member States for the 2021-2027 period, a recent study <sup>(55)</sup> concluded that ERDF programmes have an average cost of EUR 30 694 per million EUR spent and the average of cohesion policy funds is EUR 46 703. This compares to an overall average administrative cost estimate of EUR 48 417 per one million EUR of programme budget for Common Provisions Regulation (CPR) funds, equivalent to 4.84% of the allocation. ERDF ranks among the funds with the lowest administrative costs, and, compared to the previous study on structural and investment funds 2014-2020, it achieved a cost reduction of 20% in the current period.

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

Based on the most relevant key indicators and control results reported above, REGIO has assessed the effectiveness, efficiency and economy of its controls of its financial management and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible. The control environment, strategy and costs remained stable during the reporting year compared to the previous year, evidenced by the unchanged framework and the continued use of established systems and methodologies. **For all programmes with a residual error rate above 2%, reservations and corrective actions are in place, and therefore do not negatively affect this conclusion.**

## 2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related either to performance aspects or to internal control and financial management. Further details for IAS and ECA audits can be found in Annex 8.

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





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tools (development/maintenance) supporting control activities and the costs related to outsourced audit work.

<sup>(55)</sup> [Assessment of the Administrative Costs and Burden of CPR Funds 2021-2027](#). Study, November 2025. European Commission.





## Internal Audit Service






Reported	Audit Title	Accepted Recommendation (critical or very important)	State of play in 2025	Impact on the assurance for 2025
2022	Audit on Preparedness for closing the 2014-2020 programming period of the ESIF	Very important: 1 ("Planning of the closure exercise")	✓	✓
	Audit on the Joint Audit Directorate for Cohesion in DG REGIO and DG EMPL	Very important: 2 ("Organisational structure")	⌚	✓
		Very important: 4 ("IT tools, monitoring and reporting")	✓	✓
2023	Audit on the Review of the Commission's risk at payment	Very important: 8 ("Analysis and (internal) reporting of the root causes of errors in relation with ECA's findings")	✓	✓
	Audit on the European Union Solidarity Fund (EUSF)	Very important: 1 ("Design of the management and control system of the EUSF")	⌚	✓
		Very important: 2 ("Management process of the EUSF")	✓	✓
2024	Audit on the assurance building processes and audit strategy for the 2021-2027 programming period in DGs REGIO, EMPL and MARE (2024) – Phase I: Design	Very important: 1 ("The Single Audit Strategy")	✓	✓

2025	Audit on simplification measures in the 2021-2027 programming period – the simplified cost options (SCOs) and financing not linked to costs (FNLC) in DG REGIO and DG EMPL	Very important: 1 (“Ex ante assessment of SCOs and FNLC”), 3 (“Capacity building and procurement of services for SCO and FNLC”), 5 (“Monitoring and reporting on SCO and FNLC”)		
	Audit on Arachne+ project in DG BUDG, DG DIGIT, DG EMPL, DG REGIO	Very important: 2 (“Continue support to project owner to strengthen project governance, monitoring and reporting throughout phase 2”)		

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

### European Court of Auditors

Reported	Audit Title	Accepted Recommendation	State of play in 2025	Impact on the assurance for 2025
2023	Statement of Assurance (DAS)	4		
2024	Statement of Assurance (DAS)	2		

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

For its 2025 **Statement of Assurance (SoA)** concerning cohesion policy (REGIO and EMPL funds), the ECA announced important methodological changes: it will no longer based itself on the re-performance of the audit work already performed at national level to establish its error estimate in the audited accounts, but will check expenditure irrespective of whether audit authorities have audited the transactions in question. Therefore, ECA will mainly assess the quality of management authorities' verifications. In addition, the ECA will no longer review the Commission's work aimed at verifying the accuracy of error rates reported in assurance packages. The Commission notes that because of the change to risk-based management verifications, some of the transactions to be audited by ECA might not have been verified by any programme authority yet or at all. This calls for a careful assessment of ECA's extrapolated results. Only partial preliminary results were received at the date of signature of this report and are under contradictory procedure between the ECA, the Member States and the Commission (these preliminary results were taken into account in our assessment as indicated in section 2.1 above). The adversarial process is foreseen after the publication of REGIO's 2025 AAR. REGIO therefore refers in this section to the previous, available 2024 annual report of ECA published in October 2025.

For its 2024 annual report <sup>(56)</sup>, ECA reviewed mainly 2014-2020 assurance packages (concerning the 2022-2023 accounts received and accepted in 2024). Audit authorities had already audited the transactions ECA sampled and had reported 47 quantifiable errors, which mainly concerned ineligible costs, irregularities in public procurement and missing supporting documents. ECA identified and quantified 44 additional errors in its sample of 223 transactions. Taking into account all corrections already applied by programme authorities (EUR 248.5 million), **ECA estimated its level of error for MFF heading 2 'Cohesion, resilience and values'** (with cohesion policy expenditure representing more than 80% of the audit population) **to be 5.7%** - compared to 9.3% in 2023 and 6.7% in 2022.

The Commission welcomed the decrease in the error rate estimated by the ECA compared to the last two years and noted that the difference in the assessment of the respective error rates has narrowed this year: in 2024, the Commission estimated the risk at payment to remain material up to a maximum of 2.9% for MFF heading 2. The difference between these error levels can be explained by several factors: a specific audit methodology applied by each institution, the different assessment of cases that may arise between the two institutions or the fact that in line with its Treaty obligations, ECA reports errors related to any breach of applicable rules whereas the Commission and programme audit authorities only quantify irregularities when they can apply financial corrections according to the Common Provisions Regulation. A recent study <sup>(57)</sup> commissioned by the Committee on Budgetary Control of the European Parliament compared both error rates reported, the Commission's risk at payment and ECA's estimated level of error and stressed the usefulness and appropriateness of both approaches that meet each institution's needs and expectations. Nevertheless, to foster a common understanding of respective approaches, **the Commission engaged in an enhanced dialogue with ECA in 2025**. As a result, several workshops and technical meetings were organised jointly in 2025, in particular on the quantification of public procurement irregularities in cohesion expenditure according to the Commission's quantification grid that ECA will start using from the 2025 Statement of Assurance.

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<sup>(56)</sup> [Annual report concerning the 2024 financial year](#)

<sup>(57)</sup> See the Parliament's study "Error rates compared - Methodologies underpinning the European Commission's risk at payment/closure and the European Court of Auditors' estimated level of error" - Budgetary Support Unit Directorate-General for Budgetary Affairs PE 772.485 – March 2025

**REGIO also systematically follows up the accepted ECA recommendations** issued in the Annual Reports. The Commission accepted both recommendations issued in the 2024 ECA annual report, which concerned (i) ensuring the audit authorities improved the way they operate, and (ii) for programme authorities to restart checks after flat rates corrections were imposed. **Annex 8** presents further details on ECA's annual report for 2024 and its results and recommendations from **other audits and special reports** published in 2025 involving cohesion policy. In particular ECA published a review on the future of cohesion policy, which conclusions were considered when drafting the Commission's proposal for the new MFF. ECA also published two special reports directly related to cohesion policy funds, on financial corrections and on financial instruments.

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

The Commission has adopted an Internal Control Framework based on the highest international standards <sup>(58)</sup>.

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

In line with the Commission's Internal Control Framework, REGIO has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning as intended. Without qualifying this opinion, refer to section 2 and annex 9 for programmes in the MS under shared management that require improvements.

The identified deficiencies as well as ECA's and IAS's very important recommendations have not affected in a material way the functioning of REGIO's internal control system during the reporting year. All concerned recommendations were or are being implemented within the required timeline and properly reported (including ECA's special reports).

## 2.4. Conclusions on the assurance

For programmes under shared management <sup>(59)</sup>, **the risk "at payment"** (KPI 10) is calculated by applying the residual total error rate of the 2023-2024 accounting year (for 2014-2020 programmes) to the "relevant expenditure" for 2025. It is estimated at **2.1%, with a maximum risk of 3.1%** (possible upper value of the KPI), taking a prudent approach including a flat rate for certain programmes, as there could be additional risks that are still undetected for some programmes. The **risk "at closure" is estimated at 1.3%** and indicates the remaining risk to the 2025 relevant expenditure once the Commission will have the necessary

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<sup>(58)</sup> The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

<sup>(59)</sup> For the overall low value and low risk direct and indirect management mode, a prudent 0.5% flat rate is applied

additional corrective measures applied, including further audits (that could bring further audit evidence leading to a recalculation of the current risk at payment for some programmes) or financial corrections, where necessary, to bring the total residual error rates for all programmes down to 2% or below. By using the reportable residual total error rate for accounting year 2023-2024 by programme as detailed in Annex 7 (namely the error rates for 2014-2020 programmes reported at closure <sup>(60)</sup> and adjusted by the Commission through its preliminary desk checks, pending further risk-based audits where deemed necessary), REGIO identified for which programmes additional financial corrections are required and will be requested (after the finalisation of the ongoing audit contradictory procedures). The Commission plans further verifications, assessments and risk-based audits at closure that may result in further financial corrections, before 2014-2020 programmes can be considered definitely closed. So far, 23% of 2014-2020 programmes are closed, including for some of them from the legality and regularity point of view (6.5%). Closure procedures will continue further in 2026 and further reporting on the state of play of closure will be made in the next AARs.

Equally, for 2021-2027, the risk at payment was reported to be low and prudently considered at flat rate 2% overall and for individual programmes, except for 3 programmes where it is assessed to be above 2%, and for which additional financial corrections will be requested (after the finalisation of the ongoing audit contradictory procedures). A maximum risk of 2.8% was estimated for this period, based on professional judgement and an assessment of each programme’s particularities.

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

Reservation Title	Financial Impact (in m EUR)		Residual error rate 2024	Evolution
	2024	2025		
ERDF/CF management and control systems for 30 programmes of the 2014-2020 period (7 Member States out of which 3 Interreg and UK)	41.32	47.11	See individual programmes in Annex 9.	Maintained
ERDF/CF/JTF management and control systems for 16 programmes of the 2021-2027 period (11 Member States)	3.05	144.99	See individual programmes in Annex 9.	Maintained

<sup>(60)</sup> Programmes submitted after last year’s AAR and by 15 February 2026 (STEP impact)

# 2.5. Declaration of Assurance and reservations

*Declaration of Assurance*

*I, the undersigned,*

*Director-General of Regional and Urban Policy*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view <sup>(61)</sup>.*

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

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

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration. Confirm that I am not aware of anything not reported here which could harm the interests of the institution.*

*However, the following reservations should be noted:*

- 1. a reservation concerning management and control systems of the 2014-2020 period for 30 ERDF/CF programmes (in 7 Member States, the UK and for Interreg).*
- 2. a reservation concerning management and control systems of the 2021-2027 period for 16 ERDF/CF/JTF programmes (in 11 Member States and for Interreg).*

*More details are provided in annex 9.*

*Brussels, 27 April 2026*

*(e-signed)*

*Themis Christophidou*

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<sup>(61)</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

## 3. A MODERN AND SUSTAINABLE PUBLIC ADMINISTRATION

### 3.1. Human resource management



In 2025, REGIO remained committed to enhancing operational efficiency through streamlined working methods, targeted workforce allocation, and performance monitoring.

In response to the **2023 staff satisfaction survey**, a local action plan was developed, aligned with corporate guidance and focused on five key themes and 19 ongoing actions. REGIO's Action Plan also highlights the need for comprehensive equality training for all senior and middle managers, including an anti-harassment component. As part of the follow-up, two meetings were held with the Chief Confidential Counsellor: one with all staff and one specifically for managers.

Through **enhanced internal communication** REGIO strengthened staff motivation and commitment to its values and political mission. A REGIO DAY team building as organised in March 2025 for the entire DG. Further all staff events were organised with the Commission's Secretary-General and the Director-General of DG HR.

REGIO organised information sessions to **boost staff engagement** particularly in light of the mid-term review of cohesion policy and the preparations for the next MFF, which places increased pressure on resources. **Staff mobility and job shadowing** were encouraged to foster skills development and cross-unit knowledge sharing.

REGIO also supported the Commission's 50% target for first **female appointments to middle management** by investing in leadership development initiatives, including the new Management Development Programme for future middle managers. At end of 2025, 57.1% of REGIO's middle management positions were held by women, after two women were newly appointed to middle management roles in 2025.

In 2025, REGIO continued to **promote diversity, inclusion, and equal opportunities** by implementing its Equality Mainstreaming Work Plan and continued its commitment to equality and staff well-being through an internal communication campaign on preventing microaggressions and a video on the LGBTIQ+ community, as well as five events on topics such as gender equality, parenting, mental health and intergenerational solidarity. Promoting staff well-being and team spirit remained a priority, particularly within the flexible working environment.

## 3.2. Digital transformation and data management



In 2025, REGIO successfully implemented all planned initiatives and met all its objectives remaining fully committed to advancing digital transformation by building a collaborative, innovative, and digitally empowered environment. The enhancements made to flagship systems MyWorkplace, SFC2021, and the Business Reporting platform resulted in near-perfect alignment with the core principles of the EC Digital Strategy. In line with the **five strategic objectives of the Commission's digital strategy**, REGIO has taken the following steps:

- 1. Digital Culture:** In 2025, REGIO's IT Unit spearheaded the development of key digital skills and fostered a culture of cybersecurity awareness. REGIO continued investing in the **"Team up for Teams"** initiative, aimed to upskill staff. The approach encompassed providing guidance and coaching opportunities, building and animating the M365 Champions community, peer support facilitation, weekly drop-in support sessions and monthly thematic trainings. **Cybersecurity awareness** was raised by conducting training sessions for all staff and hosting an annual cybersecurity roadshow in October within the REGIO premises. The Guidance team also played an essential role in 2025, offering training, coaching, and IT support to REGIO's users and newcomers. The 2025 IT Services Satisfaction Survey revealed a very high satisfaction level of 94-98%. REGIO co-organised with PMO, DGT, DIGIT and AI Roadshow in February, featuring seven interactive stands covering both corporate and REGIO specific AI tools and solutions.
- 2. Fostering digital-ready EU policymaking:** In 2025, REGIO's IT unit continued to support staff to participate in relevant trainings on digital-ready EU policymaking. The focus was on integrating digital considerations into ongoing and upcoming policy initiatives, aligning them with broader digital strategies.
- 3. Business-driven digital transformation:** The IT Unit at REGIO developed and maintained systems to automate workflows for the entire decision-making process. REGIO's AI platform was validated in December by the Information Technology and Cybersecurity Board (ITCB), thus laying the ground for the roll-out of its two modules to all REGIO staff: Q&A Assistant, designed to handle queries related to the CPR legal framework, and an AI Assistant for the DAC auditors, simplifying access to audit-related information, boosting efficiency and better decision-making.
- 4. Seamless digital environment:** In response to the changing digital landscape, REGIO's IT Unit continued to update and maintain its existing IT portfolio (SFC, WAVE, KM, Launchpad, ARIS, RegioGIS) and to align with corporate solutions such as SUMMA. Collaboration with other Directorates-General, such as DIGIT, AGRI, EAC, and RTD allowed REGIO to incorporate advanced technologies like AI and process automation. A significant outcome of these collaborative efforts was the continuous implementation of MyWorkplace. REGIO is refining its reporting capabilities via Launchpad, aligning with the corporate data strategy and governance framework, and adapting financial reporting to the SUMMA system. REGIO also developed a

PowerBI proof-of-concept for securely uploading on-premises data to the cloud without external servers like OneDrive.

**5. Green, Secure and Resilient Infrastructure Summary:** REGIO has consistently promoted **cybersecurity** awareness with support from DIGIT, using various platforms like SharePoint and IT newsletters. Additionally, an IT security framework was implemented, complying with governance risk and compliance (GRC) and corporate guidelines, earning the highest IT security risk maturity rating. REGIO continued implementing IT greening initiatives to enhance sustainability and safety in the digital environment. Such initiatives include decommissioning outdated IT systems to minimise the digital footprint and adopting Microsoft 365 tools to replace legacy platforms and improve security and functionality while reducing environmental impact.

Over the past year, REGIO has made significant progress in data maturity, currently rated as '**Developing**'. The goal for 2026 is to achieve at least the 'Established' level.

In **data management**, REGIO has successfully mapped around 150 data assets, updating their information with comprehensive metadata in the EC Data Catalogue. The Data Governance Team led this effort, ensuring clear assignment of **ownership** and **responsibility** for each asset. Data owners have been generally assigned at Head of Unit level, while data stewardship at operational level. The annual update of the EC Data Catalogue will help identify and update these data assets over time.

In terms of **data quality**, most of REGIO's assets are managed through IT systems, which include specialised validation rules and data quality checks that follow FAIR (Findable, Accessible, Interoperable, Reusable) principles. REGIO closely monitors the ongoing development of a data quality framework by DIGIT.

REGIO has also focused on enhancing **data skills** by promoting corporate learning opportunities and publishing the data literacy page on the internal Wiki. In recent months, the Data Governance team has organised specialised training on interactive dashboards, while AI Champions have delivered presentations on AI to REGIO staff. REGIO continued the implementation of the **Commission Data Protection Action Plan**. REGIO has completed the review and update of existing records in the Data Protection Management System (DPMS) ensuring full compliance with data protection principles. Regarding **awareness raising activities**, informative sessions for units were organised and step by step guidance for data protection in procurement was delivered. Besides, advice and assistance were provided to units for all data protection issues, such as submission of REGIO-specific processing operations records, preparation of privacy statements, handling of personal data breaches and data subject requests.

### 3.3. Sound environmental management



REGIO will continue to implement several initiatives to reduce carbon emissions while keeping in mind the importance of being on the ground and engaging with local stakeholders when implementing cohesion policy.

To increase sound environmental management in the Commission:

- REGIO participated in the **BEST energy saving actions** by closing the CSM1 and B-28 (DAC hub) buildings during the summer holiday period (28 July-22 August 2025) and CSM 1 building over the Christmas holiday.
- REGIO organised **three Green Procurement training sessions** (27-30 Jan, 19-20 May, 24-27 Nov 2025) on Implementing strategic public procurement (innovative, green & socially responsible procurement) for Member States' managing authorities.
- REGIO organised **green events and sustainable conferences** as the European Week of Regions and Cities, the REGIOSTARS Awards, and the New European Bauhaus Prizes, fully integrating greening policies.

The baseline emissions level against which reductions are measured is **1.305,09 tCO<sub>2</sub>eq** in 2019. The calculation includes REGIO's new 04 unit (Cyprus Settlement Support), which joined in February.

A number of actions have been taken to reduce the emissions. Shared transport or trains are prioritised, and when flights are necessary, direct flights are favoured when financially possible. Hybrid meetings and online sessions further reduce travel especially for large annual meetings, where the approach of alternating in situ and virtual sessions is prioritised.

REGIO promotes sound environmental practices and encourages use of public transport and soft mobility for commuting and event attendance, while facilitating telework to reduce emissions from staff commutes. This is done in line with the Decision on working time and hybrid working <sup>(62)</sup>.

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<sup>(62)</sup> [C 2022 1788 ACT](#)