

**OPINION 02/2026**

(pursuant to Article 322(1) TFEU)

EN

**for a regulation of the  
European Parliament and  
of the Council  
establishing Horizon  
Europe, the Framework  
Programme for Research  
and Innovation, for the  
period 2028-2034, laying  
down its rules for  
participation and  
dissemination, and  
repealing Regulation (EU)  
2021/695**

[COM(2025) 543 final]



EUROPEAN  
COURT  
OF AUDITORS



*EU budget  
2028-2034*

# Contents

## Paragraph

### **01-11 | Introduction**

#### **01-11 | Why we provide this opinion**

01-03 | Legal basis

04-11 | Context

### **12-56 | Main messages**

#### **13-15 | EU added value**

#### **16-24 | Aligning spending objectives with EU-wide policy priorities**

#### **25 | Budget flexibility**

#### **26-44 | Simplification of the programme and procedures**

26-28 | Single rulebook and other procedural simplifications

29-30 | Work programmes

31-36 | Funding mechanisms

37 | Time-to-grant

38-40 | Procurement including pre-commercial procurement

41-43 | Direct and indirect management (including partnerships)

44 | Programme committee

#### **45-47 | Performance framework**

#### **48-51 | Compliance, sound financial management, transparency, accountability and traceability of spending**

#### **52-56 | Our audit mandate**

### **57-65 | Specific comments**

## **Annexes**

**Annex I – List of ECA publications referenced in this opinion**

**Annex II – Background information**

**Annex III – Joint undertakings and executive agencies in the 2021-2027 EU budget period**

## **Abbreviations**

## **Glossary**

# Introduction

## Why we provide this opinion

### Legal basis

- 01** This opinion is issued pursuant to Article 322(1)(a) of the Treaty on the Functioning of the European Union ([TFEU](#)), which provides the legal basis for the adoption of the EU's financial rules, including those governing the establishment and implementation of the EU budget.
- 02** The proposal for a regulation of the European Parliament and of the Council establishing Horizon Europe, the Framework Programme for Research and Innovation, for the period 2028-2034, laying down its rules for participation and dissemination, and repealing Regulation (EU) 2021/695 ([COM\(2025\) 543 final](#)), was adopted by the European Commission on 16 July 2025. A corrigendum was issued on 28 July 2025 ([COM\(2025\)543 final/2](#)). The European Court of Auditors (ECA) was formally approached to comment on the proposal – by the Council on 25 September 2025, and by the European Parliament on 6 November 2025.
- 03** In accordance with our institutional mandate, we are providing this opinion to support the legislative process through observations concerning the design, financial implementation, control environment and potential risks of the proposed programme. [Annex I](#) lists the ECA publications that are referenced in this opinion.

## Context

- 04** Competitiveness, innovation and research are the backbone of Europe's future prosperity. This requires investments in science, technology and industry to drive sustainable growth, create high-quality jobs, and strengthen the EU's global position.
- 05** Horizon Europe is the EU's flagship programme for supporting research and innovation. The proposed new regulation would extend Horizon Europe into the next multiannual period (2028-2034) as the 10th Framework Programme for Research and Innovation (FP10). Its overall objective, stated in Article 3 of the proposal, is to strengthen the EU's competitiveness, scientific technological base, and address global challenges based on excellent research and innovation. According to Article 18 of the proposal, the objective of the [European Research Area \(ERA\)](#) is to "create a single, borderless market for research, innovation and technology across the EU, in which researchers, scientific knowledge and technology circulate freely". The Commission considers the programme "a key instrument for delivering the policy ambitions outlined in the Commission's proposal for the next long-term EU budget (2028-2034) and the political priorities for 2024-2029, as set out in [President von der Leyen's guidelines](#)".
- 06** [Annex II](#) contains background information on the proposed Horizon Europe programme, including its pillars and related specific objectives, the budget envelopes and additional contributions, the management mode, and the forms of funding it will offer.
- 07** As shown in [Figure 1](#), the proposal is structured around four pillars.

**Figure 1 – The structure of the new Horizon Europe**



<sup>1</sup> Consistent with activities under the European Competitiveness Fund

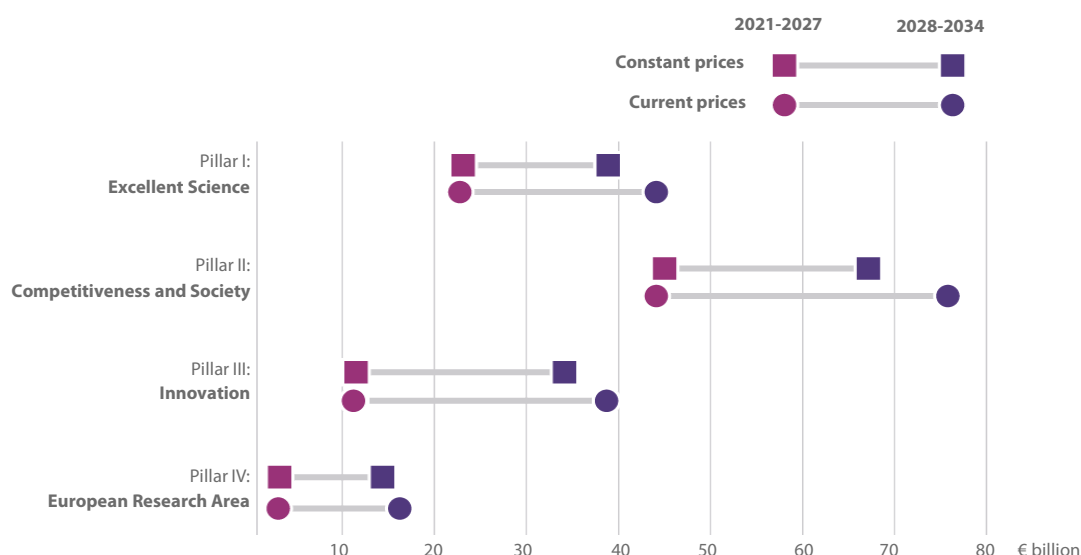
Source: DG BUDG presentation. © European Union, 1995-2026.

- 08** For the 2028-2034 period, the Commission proposes to increase the Horizon Europe budget to €175 billion (€154.9 billion in 2025 prices), and to reinforce the programme's alignment with EU horizontal priorities such as climate, the digital transition and open



science. This would be a significant increase compared to the €87.7 billion (€89.4 billion in 2025 prices) that was allocated for the current Horizon Europe programme. Pillar IV on the ERA, would benefit from the largest percentage increase – from around €3.1 billion (€3.2 billion in 2025 prices) to around €16.3 billion (€14.4 billion in 2025 prices), including the research and technology infrastructure component that belongs to Pillar I under the current programme. The proposal only provides a breakdown of the funding for Pillar II, but not for the three other pillars. [Figure 2](#) compares the budget allocation for Horizon Europe between the 2021-2027 and 2028-2034 periods, in current and constant (2025) prices respectively. Horizon Europe 2021-2027 also included a budget of €6.4 billion (€6.5 billion in 2025 prices) for horizontal support expenditures not allocated per pillar, as well as €5.1 billion of additional non-repayable NGEU support.

**Figure 2 – Horizon Europe budget allocation 2021-2027 vs. 2028-2034**



*Note:* The figure is expressed in current and constant (2025) prices. While Pillar IV is new, the ERA has been covered by other budget areas under FP9 and previous framework programmes.

*Source:* [COM\(2025\)543 final/2](#), Article 6, and [Regulation \(EU\) 2021/695](#), Article 12.

- 09** The proposal aims for more strategic EU spending through clearer rules and more transparent procedures. It intends to provide incentives to member states, the non-profit sector and the private sector, to increase investment to achieving the target of member states investing 3 % of the EU's GDP in research and development. Finally, Horizon Europe would focus strongly on tackling societal challenges, supporting strategic technologies, and strengthening the ERA. Overall, the proposal aims to ensure programming continuity, in so far as it would maintain Horizon Europe as a single “self-standing” funding scheme, albeit with changes in its governance, performance-based management and delivery mechanisms.

- 10** The proposal is closely connected with the proposal for a regulation establishing the European Competitiveness Fund (ECF) for which we have issued a separate opinion (see Opinion 01/2026). Together they intend to “guarantee a seamless flow from fundamental research to applied research, to start-ups and scale-ups” (Explanatory Memorandum of the proposal). In this regard, our opinions on Horizon Europe and the ECF should be read in parallel to obtain a complete understanding.
- 11** A single act establishing all the EU joint undertakings aims to complement these two legislative proposals and clarify the link between the joint undertakings, Horizon Europe and the ECF.

# Main messages

- 12** In our opinion, we have identified a number of main messages. These are listed below in [Box 1](#) and further developed in the following sub-sections.

## Box 1

### Main messages at a glance

- **EU added value:** There is neither a definition of EU added value in the current EU legislation, nor in the text of the proposal itself. We reiterate our message that public debate and decision-making would benefit from applying a common definition of EU added value for optimal use of EU funds (paragraphs [13](#) to [15](#)).
- **Aligning spending objectives with EU wide policy priorities:** The proposal contains numerous direct and indirect references to the EU's cross cutting priorities, for which neither the Commission nor the member states have comprehensive and reliable data on the use of EU funds and the proposal does not address this significant weakness. The proposal should further clarify how the principle of excellence would be applied across all four pillars, especially in view of the fact that it is not explicitly mentioned under Pillars II and III, which together represent around €114.7 billion, or approximately 65 % of the total budget (paragraphs [16](#) to [24](#)).
- **Simplification of the programme and procedures:** The proposal should clarify how simplification will benefit beneficiaries implementing EU-funded research and innovation projects. The proposal would also benefit from further justification on which costs options would be more appropriate regarding the type of actions. We also highlight the need for Commission guidance on pre-commercial procurement (paragraphs [26](#) to [44](#)).
- **Performance framework:** We note that most of the indicators set out in Annex I to the proposed performance framework relate to outputs rather than results or



impacts and is thus, not sufficient for evaluating performance. We also note that the proposed indicators would not easily allow for the collection of beneficiary specific data. Moreover, as we warned in our [2023 annual report](#), it is important to give particular attention to data reliability. Finally, we suggest that the Commission's obligations to carry out an implementation report during the programme period and an ex post evaluation are codified in the regulation (paragraphs [45](#) to [47](#)).

- **Compliance, transparency, accountability, and traceability:** Research is a high risk spending area and despite simplification measures introduced, the error rates have remained high. While lump sum funding may better focus on results while reducing the administrative burden, it is important to ensure a satisfactory level of compliance, sound financial management, transparency, accountability and traceability in how funds are spent (paragraphs [48](#) to [51](#)).
- **ECA audit rights:** Horizon Europe is implemented through direct or indirect management. Consequently, the ECA has full rights to audit all forms of funding in research and innovation. We ask the Commission to safeguard our audit rights in any agreements concluded between the beneficiaries and third parties (paragraphs [52](#) to [56](#)).

## EU added value

- 13** The concept of EU added value is only mentioned in the explanatory memorandum to the proposal, point 1.5.2 of the legislative financial and digital statement, and two recitals (recital 2 and 30) to the proposed regulation. It is referred to primarily as the EU's capacity to achieve results that member states cannot achieve alone, through increased scale, cross-border cooperation and strategic focus.
- 14** As already stated in our [review 03/2025](#), we consider that the concept of EU added value should be understood in the same way by all EU institutions, and articulated in an appropriate political declaration or EU legislation to be fully effective. In other words, EU added value can only be measured effectively if it is clearly defined and applied consistently. In February 2025, in its communication on the road to the next multiannual financial framework (MFF), the Commission stated that the future EU budget should focus on common challenges where spending at European level generates the highest EU added value. However, we note that neither the EU's current legal framework nor the Commission's proposals for the next MFF provide a definition of the concept of EU added value. We also recall that in our [review 03/2025](#), we noted that the Commission had not yet carried out an assessment of the EU added value of the current 2021-2027 programmes.

- 15** Overall, and as already mentioned in our [2018 briefing paper](#) prepared ahead of the 2021-2027 MFF, we consider that public debate and decision-making on the next MFF would have benefited from an agreed and consistently applied definition of EU added value. The lack of a definition of added value remains a challenge and we therefore reiterate this point for the current proposal.

## Aligning spending objectives with EU-wide policy priorities

- 16** The explanatory memorandum outlines the [key EU priorities](#) that frame the budgetary and policy context in which the proposal is being made. One of those priorities relates to stronger research and innovation.
- 17** Having a “prosperous and competitive Europe” also corresponds to one of the priorities for the EU strategic agenda for 2024-2029, which includes “promoting an innovation and business-friendly environment” and “bolstering the EU’s competitiveness” in line with Pillar III and “advancing together” in line with Pillar IV of the proposal.
- 18** In this connection, as outlined in Article 3(2) of the proposal, one specific objective is to align EU, national and regional priorities to create a pan-European research and innovation ecosystem. Another specific objective is to reduce disparities in research and innovation capacities, skills and talent across member states and regions, thereby strengthening innovation ecosystems.
- 19** The pan-European objective is mainly addressed by the fourth pillar, which would be new for the FP10 programming period (Horizon Europe currently has a three-pillar structure). Pillar IV focuses on the ERA a concept introduced in 2000 with a view to establishing a unified and borderless space for research, innovation and technology within the European Union. In particular, the proposal speaks of “implement[ing] concrete measures in support of capacity building in widening countries and strengthening collaborative links across the EU enhancing the research and innovation capacity in widening and transition countries” (recital 20). Nearly €5.5 billion out of €16.3 billion would be allocated for widening participation and spreading excellence (Article 6).
- 20** In our [special report 15/2022](#), we recommended the Commission to “closely monitor participation levels in widening measures under Horizon Europe and, if continuous significant imbalances emerge, introduce measures to achieve a wider pattern of participation”. This would help promote a more balanced research and innovation

participation and thereby fulfils Horizon Europe objective of fostering excellence across the Union.

- 21** We note that from 2030 onwards, support for widening countries would be made conditional on a year-on-year increase in national public research and development spending (Article 19(7)). This is because one specific objective of the proposal is for all member states to spend 3 % of GDP on research and development, re-affirming the EU's research and development [investment target](#) in place since the Lisbon treaty. Member states' investments and reforms in research and innovation would then be evaluated through the European Semester process, which is the framework for coordinating the EU's economic, budgetary, employment and social policies.
- 22** We consider that the proposal should further clarify how this mechanism would bring about sustainable increases in public research funding and institutional capacity building in member states not attaining the 3 % objective. The Commission would also need to specify how it will assess for these widening countries that only those "that have increased their real expenditure of public investment" (Article 19(7)) would have access to capacity building measures as from 2030. In that, the Commission may further define the term "public investment".
- 23** Moreover, the proposal contains numerous direct and indirect references to the EU's cross-cutting priorities, such as climate, biodiversity, gender equality and sustainable development goals (see, for example, recitals 4, 24, and 25). These should be systematically considered when designing, preparing, implementing and evaluating each spending programme. However, as we have previously reported, including in [special report 25/2024](#), neither the Commission nor the member states have comprehensive and reliable data on the use of EU funds for specific objectives. In our view, the proposal does not address this significant weakness.
- 24** The proposal clarifies that EU research and innovation funding will be based on considerations of excellence (Article 3(1)). The award criteria also take account of potential impact and efficiency of implementation aspects (Article 25). The proposal should state more explicitly that Horizon Europe funding will be based on the following principles: the excellence or quality of the proposed measures, their expected impact (for example, the potential for societal benefits and the scale and sustainability of the proposed actions) and considerations related to their implementation. It should also further clarify how the principle of excellence would be ensured across all four pillars, especially in view of the fact that, according to Article 6, it would not be explicitly mentioned under Pillars II and III, which together represent around €114.66 billion, or approximately 65 % of the total budget.

## Budget flexibility

- 25** The Commission proposal aims at enhancing budget flexibility by setting a budget for the Horizon Europe programme as a whole, but only indicative envelopes for each of the pillars (Article 6 of the proposal). This allocation is then to be adjusted through the annual budgetary procedure and work programmes in the course of the programme implementation. This is in accordance with the Commission's impact assessment on the ECF and Horizon Europe proposals.

## Simplification of the programme and procedures

### Single rulebook and other procedural simplifications

- 26** The proposed Regulation would establish a single rulebook for both Horizon Europe and the ECF, entailing standardised rules for grants and financial instruments (guarantees, loans, equity, blending, etc.), and a single gateway for participants in all MFF spending areas. This has the potential for simplification and synergies, and responds to our suggestions in this regard in our [special report 23/2022](#).
- 27** However, we would emphasise that effective simplification requires more than just common rules; it also requires aligned or standardised, stable procedures and using common corporate IT systems.
- 28** Moreover, as we also highlighted in our [special report 28/2018](#), beneficiaries often consider that frequent modifications to rules and guidance may create confusion and uncertainty and thus may go against smooth programme implementation and the aim of simplification. We therefore call for stability of rules during the programme implementation.

### Work programmes

- 29** In accordance with the requirements of the regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council ([Financial Regulation](#)), Articles 21-25 of the proposal state that work programmes would specify key aspects of programme implementation such as the topics and objectives of calls, the eligibility criteria, the available budget, and the evaluation process.
- 30** Under Article 8, it would be possible to combine Horizon Europe funding with EU support from other programmes. Since the ECF is tightly linked to the Horizon Europe programme,

integrated work programmes will be developed. While this arrangement gives potential for synergies, the proposal should further clarify how each fund would contribute to the work programmes, what this would mean for beneficiaries implementing EU-funded research and innovation projects (see also opinion 01/2026; paragraph 50).

## Funding mechanisms

- 31** Article 10(4) provides for grant funding to be provided as set out in Article 125 of the [Financial Regulation](#) – either as financing not linked to costs (FNLTC) or as simplified cost options (SCOs), in particular, through lump sums and unit costs for personnel. These options would be adopted as the standard funding model. In limited cases, funding could be granted by reimbursing actual costs. The Commission’s aim is to limit the administrative burden for both the Commission and beneficiaries and reduce the risk of error in the legality and regularity of reported costs. As we have previously reported in our [special report 13/2025](#), we consider, however, that SCOs or FNLTC are not the most appropriate funding mechanisms in all cases. For example, in the case of funding targeting lower technology readiness level projects, it may be complicated to link this to milestones achieved.
- 32** In [opinion 1/2006](#) on the proposed regulation for the Seventh Framework Programme (2007-2013), we gave our view that “lump sums are appropriate for clearly defined work packages within each project” but that “difficulties in the implementation of such a scheme would arise in those situations where work packages were delayed, only partly completed, or replaced by other activities”. In [special report 28/2018](#) on simplification measures in Horizon 2020, we recommended that the Commission intensify testing of lump sums and launch new pilot initiatives “to identify the most suitable types of projects, assess possible drawbacks and design appropriate remedies”. We note that the Commission started ex-post technical reviews of the implementation of lump sum grants at the end of 2024.
- 33** In lump sum funding, the lump sum amount has to be established before a grant is signed. This can be done by fixing a standard amount for all grants in a call (e.g., based on existing data that provides a reliable proxy value), or by determining a separate lump sum for each grant (based on detailed upfront cost estimates in each cost category per beneficiary and work package). As we mention in our [2024 annual report](#), before signing a grant agreement, experts contracted and supported by the Commission apply guidance, benchmarks and dashboards to assess the cost estimates against the activities proposed to ensure that they are reasonable and not excessive.

- 34** In July 2024, the Commission [assessed](#) the use of lump sum funding in Horizon 2020 and Horizon Europe. Its key findings were that beneficiaries consider that this form of funding shifts the focus from costs to the scientific content of projects, and reduces the administrative burden linked to managing grants and reporting costs. In its assessment, the Commission pointed out concerns raised by stakeholder groups, such as financial risks and reduced participation of newcomers and small and medium-sized enterprises (SMEs), but noted that there is no evidence that these have materialised.
- 35** As we state in our [2024 annual report](#), by the end of the current period, the Commission intends to allocate at least 50 % of the budget under Horizon Europe in the form of lump sum funding. To date, however, lump sum funding has not been very widely used. We also remind that the sound financial management and the actual impact of lump sum scheme depend on its design and implementation.
- 36** Unlike SCOs, however, FNLTC has so far been very little used in the research area, and then mostly for experts and conferences. In the light of our audit findings on the RRF in [review 02/2025](#) and [review 03/2025](#), we suggest that the Commission assess whether this funding option is suitable for the bulk of the proposed research and innovation spending.

## Time-to-grant

- 37** The time-to-grant period proposed in Article 26 is shorter than required by Article 197(2) of the [Financial Regulation](#): grant applicants would be informed of the outcome of project evaluations no more than five months after the submission of their proposals, and grant agreements would be signed no more than seven months after the same date. At present the corresponding periods are six and nine months. Reducing the time-to-grant period has the potential to enhance efficiency and predictability in the funding process. By enabling earlier project initiation, it could increase the attractiveness of EU funding and supports faster implementation of innovative or high-impact projects.

## Procurement including pre-commercial procurement

- 38** In Article 33, the Commission proposes to simplify procurement procedures for innovative solutions with the aim of streamlining and expediting the implementation of research and innovation projects. Procurement would be done by the public or private beneficiaries of grants or, alternatively, by the Commission and/or other implementing bodies – acting either alone or jointly with contracting authorities in member states and associated countries. In [special report 28/2023](#), we identified a number of shortcomings in the use of public procurement across the EU. The public procurement rules applicable to



beneficiaries are set at national level on the basis of EU Directives or, for procurement by EU bodies, in the [Financial Regulation](#); they are therefore not specific to individual funds such as Horizon Europe. In this regard, the Commission may wish to clarify the scope of the guidance it intends to issue for the beneficiaries of EU funds.

- 39** The proposal would increase the role of pre-commercial procurement in Horizon Europe. Pre-commercial procurement could be conducted in two phases rather than three and might include the purchase of very innovative “first-of-a-kind” solutions. Specific conditions might also apply regarding “the place of performance of the procured services, goods or works, and the ownership of the results and access thereto”. In this regard, we draw attention to the fact that pre-commercial procurement can bring specific risks owing to some procurers’ lack of experience with innovative solutions. Specific Commission guidance may therefore be required in relation, for example, to avoiding conflicts of interest, making good use of the purchased goods or services or managing intellectual property rights.
- 40** Lastly, we would emphasise that contracting authorities and beneficiaries of EU funding need to respect the fundamental principles of public procurement, such as transparency, non-discrimination, equal treatment, and no conflict of interest.

## Direct and indirect management (including partnerships)

- 41** The Horizon Europe programme would be implemented under direct or indirect management (section 2.2 of the legislative financial and digital statement, and Article 10(1) of the proposal).
- 42** As stated in Article 11(3), joint undertakings are a form of partnership set up under Article 187 TFEU ([Annex III](#)). Joint undertakings shall be established through a single establishing act ensuring harmonised rules. The proposed regulation does not foresee anymore in-kind contributions by partners (Article 11 (6)). For that, the Commission’s intention is that joint undertakings’ administrative costs be fully paid by the EU budget. This would ensure the undertakings’ independence and avoid potential conflicts of interest. It could also simplify the budgeting process by avoiding complex cost-sharing arrangements.
- 43** We also welcome the proposal for a single act establishing all joint undertakings under harmonised rules (Article 11(4)). In our opinion, the structure of joint undertakings could be reassessed with a view to improving coordination and synergies, reducing administrative overheads, and ensuring optimised governance.

## Programme committee

- 44** The fact that there are two separate proposals (Horizon Europe and the ECF) allows for clearer mandates and heightened flexibility, with each instrument addressing distinct goals through tailored funding. However, it would also bring risks of fragmentation, overlapping initiatives and increased administrative complexity, all of which could potentially detract from coordination and synergies between research, innovation and industrial policies in the EU framework. To mitigate these risks, we consider it crucial to put in place a well-designed committee structure for the Horizon Europe and the competitiveness instrument under Pillar II provided under the ECF work programme, to ensure policy coherence, proper coordination and regular information exchange (see also opinion 01/2026; paragraph 59).

## Performance framework

- 45** Reporting, monitoring and evaluation of the proposed new programme would be carried out in accordance with the performance framework for the post-2027 budget. This is covered in the Commission's proposal for a regulation establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities ([Performance Regulation](#)), on which we are providing a separate opinion. It would be based on a common set of indicators.
- 46** For the purpose of this opinion, we are already able to comment that most of the indicators set out in Annex I to the proposed performance framework, for research and innovation, relate to outputs (e.g., the number of supported companies) rather than results or impacts and thus, not sufficient for evaluating performance. We also note that the proposed indicators would not easily allow for the collection of company/beneficiary-specific data. Moreover, as we indicated in our [2023 annual report](#), it is important to give particular attention to the reliability of reported data.
- 47** Finally, we note that, in accordance with Article 34(3) of the [Financial Regulation](#), there would be an interim report during the programme's implementation, and an ex-post evaluation (recital 36, section 5 of the explanatory memorandum, section 2 of the legislative financial and digital statement, and Article 10 of the proposed [Performance Regulation](#)). These obligations of the Commission are however, not codified in the articles of the proposed Horizon Europe regulation and we would suggest that this is included as part of the proposal.

## Compliance, sound financial management, transparency, accountability and traceability of spending

- 48** In our annual reports, covering FP7, Horizon 2020 and Horizon Europe spending, we have continuously reported that research is a high-risk spending area, with material errors found in actual costs grants. In our [2024 annual report](#) we reported “quantifiable errors in 26 of the 99 research transactions audited as part of a representative sample (26 %)”. The main factor contributing to errors is ineligible or incorrectly declared personnel costs.
- 49** Despite simplification measures introduced in the legal base over time and the Commission’s guidance to beneficiaries, error rates have remained high. In 2024, we noted that a significant number of beneficiaries still experience difficulty in correctly applying the rules, both under Horizon 2020 and Horizon Europe. Similarly, as identified in our [2024 annual report](#), lump sums should have safeguards to avoid overcompensation for equipment that was actually not purchased although included in the lump sum budget. To address these difficulties, we suggest that the proposed regulation should already specify clear requirements to ensure predictability also for beneficiaries.
- 50** The Commission considers that the proposed funding systems, in particular lump sum funding, may provide for a greater focus on results, while also limiting the administrative burden for both the Commission and beneficiaries. In our [2022 annual report](#), we recommended the Commission to define clearer requirements on the implementation of such grants, notably the definition of work packages in the projects. This recommendation has not yet been fully implemented. This is a crucial point which we had identified before in our [opinion 1/2006](#) and the [special report 28/2018](#).
- 51** Regardless of which funding options are ultimately used, we wish to emphasise the importance of ensuring a satisfactory level of compliance, sound financial management, transparency, accountability and traceability in the way funds are spent. As we have already stated in [review 03/2025](#), the Commission’s intention to simplify the EU’s financial management should not come at the expense of accountability, effectiveness, efficiency, and economy.

## Our audit mandate

- 52** The proposed regulation is governed by the [TFEU](#) and the [Financial Regulation](#), which grant the ECA a comprehensive mandate to audit the regularity of all EU revenue and expenditure as well as the sound financial management of all EU policies and programmes.

Although ECA's mandate is not explicitly mentioned in the proposal, it is implicitly clear from Article 10(1) of the proposal, which states that Horizon Europe is implemented through direct or indirect management. Consequently, the ECA has full rights to audit all forms of funding in research and innovation.

- 53** With regard to the use of financial instruments for Horizon Europe by the European Investment Bank Group (EIB), we reiterate our observations about data availability in [special report 07/2025](#) on the European Fund for Strategic Investments (EFSI). There we showed that, although the EIB is required to keep separate records of EFSI-guaranteed operations in its database, it actually kept this data in fragmented datasets, with no overarching metadata document. Moreover, most of the data the EIB provided to us was incomplete or unclear in vital areas such as final beneficiary names, addresses, employee numbers and amounts of EFSI support. As a result, we [recommended](#) that the Commission improve the scrutiny of reporting on EFSI with a view to enhancing the consistency, accuracy and completeness of data shared with stakeholders.
- 54** Under its research and innovation programmes, the Commission enters into grant agreements with beneficiaries that may act in turn as 'implementing bodies' by providing grants to third parties. We would like to take this opportunity to report on the practical problems we have encountered in exercising our audit rights in cases of financial support for third parties.
- 55** Although beneficiaries are required to ensure that third parties comply with specific obligations (including upholding our audit rights), we have found that this is not always the case. In our [2024 annual report](#) we discuss a situation where a third party questioned our audit rights and we were only able to obtain access to the evidence needed for our audit after extensive communication. We therefore recommend that the Commission require obligations stemming from an EU grant agreement also to be reflected in all agreements concluded by the beneficiaries with third parties, or at least in the rules they communicate to third parties.
- 56** The above situation may also apply to new forms of financial support that involve third parties, so we suggest that the Commission address our concerns when setting up systems for managing these types of support. A recent example might be the new "[trusted investors](#)" initiative under the European Innovation Council Fund, which seeks to mobilise capital for the deep technology sector through collaboration with major institutional investors.

## Specific comments

- 57 Article 2:** The currently applied concept of exploitation (“the use of results in further R&I activities other than those covered by the action concerned, including, among other things, commercial exploitation such as developing, creating, manufacturing and marketing a product or process, creating and providing a service, or in standardisation activities”)<sup>1</sup> has been replaced by the concept of valorisation (“the use of results in further activities other than those covered by the action concerned, including commercial deployment”). While beneficiaries might be able to adapt to different changes, these modifications require guidance to avoid confusion and uncertainty. Therefore, the Commission should communicate more clearly on this aspect, as dissemination and exploitation were central to previous framework programmes.
- 58 Article 9(3):** We suggest adding the words “to the Commission, OLAF and the European Court of Auditors” following “For the purposes of point (d), the third country shall grant the necessary rights and access required under regulations (EU, Euratom) 2024/2509 and (EU, Euratom) No 883/2013”, to further clarify and confirm our rights of access, including to classified information.
- 59 Article 9(4):** The criteria for association with a third country, such as “good capacity in science, technology and innovation” and “commitment to a rules-based open market economy” are rather broad. To ensure a consistent application by the Commission, they should be clarified in the proposed regulation.
- 60 Article 24:** Verification of the financial capacity of applicants is required only if the requested EU contribution for an action is €1 million or more – twice the current

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<sup>1</sup> Article 2 of [Regulation \(EU\) 2021/695](#).

threshold<sup>2</sup>. It is true that this change might reduce the Commission's work on preliminary checks, but the Commission does not show how it would mitigate the associated financial risk – particularly the possibility of default. The proposal should justify the basis for the increase in the threshold in the explanatory memorandum.

- 61 Article 31:** The transfer and licensing clause in the current Horizon Europe Regulation<sup>3</sup> has been removed. Article 31(4) of the proposal Ownership of results reads as follows: “Transfer of ownership may be subject to conditions as set out in the work programme, call conditions or grant agreement, including a requirement to pass on any obligations regarding the results.” Transfer and licensing support collaboration by offering a structured framework for sharing and exploiting research results. Beneficiaries are often required to develop a plan for dissemination and exploitation, and these tools play a key role in meeting that obligation and ensuring that publicly funded research delivers value to society. In this regard, we encourage the Commission to ensure that this point is duly reflected in the documents referenced in Article 31(4).
- 62 Articles 35 to 37:** We suggest that the Commission adds a third title “Transitional and final provision”, as currently the last three articles (repeal, transitional provisions, and entry into force) are present in Title II (Rule for participation) in the chapter 3 (European Innovation Council).
- 63** Unlike the current Horizon Europe Regulation, the proposal contains no provision on access rights. These are the legal rights to use another party's results or background intellectual property when carrying out a project or exploiting results. In this regard, we encourage the Commission to ensure that this point is duly reflected in work programmes, call conditions or grant agreements if not in the proposed Regulation itself.
- 64** We note that the proposal is silent on the future of the European Institute of Innovation & Technology (EIT) and its Knowledge Innovation Communities (KICs). This contrasts with the Horizon Europe regulation for the 2021-2027 MFF, which, in Articles 1(2)(b) and 10, explicitly mentioned contributions to EIT as part of the activities financed by the programme, and the EIT's KICs as a form of European Partnerships through which the programme could be implemented. We suggest that the proposal clarifies how the EIT and its KICs are intended to continue under the 2028-2034 MFF, if this is the case.
- 65** Finally, the explanatory memorandum contains a list of possible “moonshots”, one of which is “Overcome the scientific, engineering and technological challenges necessary

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<sup>2</sup> Article 27 of [Regulation \(EU\) 2021/695](#).

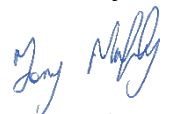
<sup>3</sup> Article 40 of [Regulation \(EU\) 2021/695](#).



for Europe to be the first to put Fusion on the grid by 2034.” This particular aim is contradicted by our findings, in the [2024 Annual report on EU joint undertakings](#), of significant risks for the Fusion for Energy Joint Undertaking (F4E), resulting from the major changes currently being made to the International Thermonuclear Experimental Reactor (ITER) project’s technical scope and milestones. One upshot is that the end of the whole fusion project has been shifted to 2059 (17 years later than the previous date).

This opinion was adopted by the Court of Auditors in Luxembourg at its meeting of 11 December 2025.

*For the Court of Auditors*

A handwritten signature in blue ink, appearing to read 'Tony Murphy'.

Tony Murphy  
*President*

# Annexes

## Annex I – List of ECA publications referenced in this opinion

**Annual reports on the implementation of the EU budget** - for the 2020-2024 financial years

**Annual reports on EU agencies** - for the 2020-2024 financial years

**Annual reports on EU joint undertakings** - for the 2020-2024 financial years

**Special report 28/2018:** The majority of simplification measures brought into Horizon 2020 have made life easier for beneficiaries, but opportunities to improve still exist

**Special report 15/2022:** Measures to widen participation in Horizon 2020 were well designed but sustainable change will mostly depend on efforts by national authorities

**Special report 23/2022:** Synergies between Horizon 2020 and European Structural and Investment Funds

**Special report 28/2023:** Public procurement in the EU - Less competition for contracts awarded for works, goods and services in the 10 years up to 2021

**Special report 25/2024:** Digitalisation of healthcare – EU support for member states effective overall, but difficulties in using EU funds

**Special report 07/2025:** The European Fund for Strategic Investments – Contributed substantially to addressing the investment gap, but had not fully reached the €500 billion target in the real economy by the end of 2022

**Special report 13/2025:** Support from the Recovery and Resilience Facility for the digital transition in EU member states – A missed opportunity for strategic focus in addressing digital needs

**Opinion 1/2006** on the proposal for a regulation of the European Parliament and of the Council laying down the rules for the participation of undertakings, research centres and

universities in actions under the Seventh Framework Programme and for the dissemination of research results

**Review 02/2025:** Performance-orientation, accountability and transparency – lessons to be learned from the weaknesses of the RRF

**Review 03/2025:** Opportunities for the post-2027 multiannual financial framework

**Briefing paper 01/2018 (February 2018):** Future of EU finances – Reforming how the EU budget operates

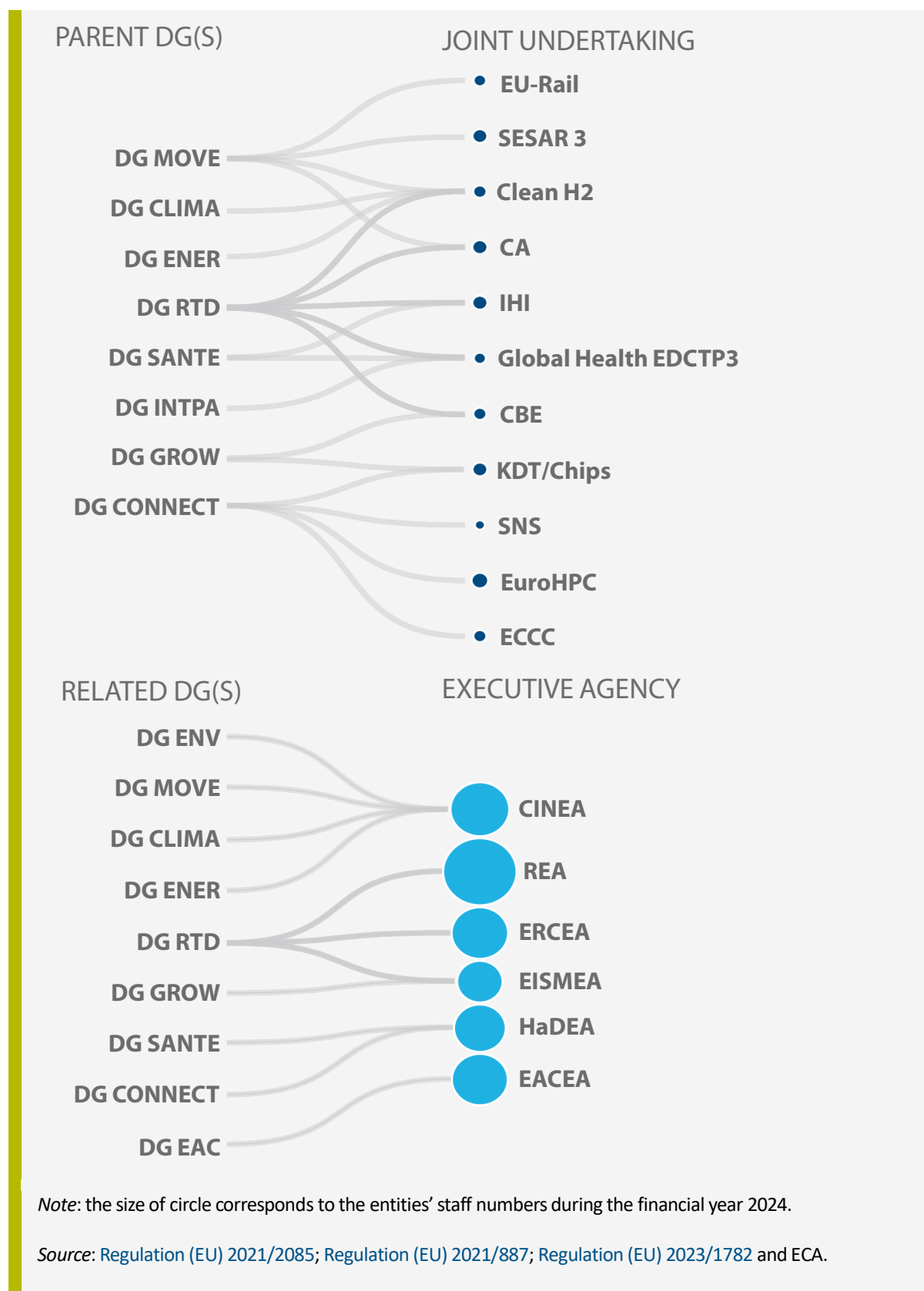
**Briefing paper 06/2018 (July 2018):** The Commission's proposal for the 2021-2027 multiannual financial framework

## Annex II – Background information

- 01** The proposed new Horizon Europe programme (FP10) is structured around four pillars.
- (a) *Pillar I, 'Excellent Science'*, to strengthen the EU's scientific base, attract top talent, promote excellent research in Europe and provide best science for EU policies. Includes the European Research Council, Marie Skłodowska-Curie Actions and Science for EU policies (non-nuclear direct actions of the Joint Research Centre). Total indicative budget: €44.1 billion (€39 billion in 2025 prices).
  - (b) *Pillar II, 'Competitiveness and Society'*, to support collaborative research and innovation in areas of high societal impact, with a focus on tackling global societal challenges and boosting EU competitiveness. Similar to the structure of ECF intervention areas and will work synergistically with the ECF. Total indicative budget: €75.9 billion (€67.2 billion in 2025 prices).
  - (c) *Pillar III, 'Innovation'*, to support innovation in Europe, with a focus on promoting the development of new products, services and business models. Includes the European Innovation Council and Innovation Ecosystems. Close cooperation with Pillar II to strengthen demand for start-ups and scale-ups by linking them to large European corporates and facilitating innovative public procurement measures nationally and across the EU. Total indicative budget: €38.8 billion (€34.3 billion in 2025 prices).
  - (d) *Pillar IV, 'European Research Area'*, to support the development of a unified ERA, with a focus on promoting excellence, inclusiveness and impact. Three components: ERA Policy; Research and Technology Infrastructure; Widening Participation and Spreading Excellence. Total indicative budget: €16.3 billion (€14.4 billion in 2025 prices).
- 02** The new programme may benefit from additional financial and non-financial contributions from member states, EU institutions and bodies (including agencies and joint undertakings), non-EU countries, international organisations, international financial institutions, and other third parties. It would be implemented in synergy with other EU programmes and could be open to participation by non-EU countries (European Free Trade Association members in the European Economic Area, European micro-states, accession countries, candidate countries, potential candidates, European neighbourhood policy countries and others).
- 03** The programme would be implemented through direct or indirect management (where necessary, through European Partnerships by entrusting budget implementation tasks to EU bodies such as joint undertakings), with EU funding mainly awarded through grants, prizes, procurement, non-financial donations and financial instruments. Where the ECF

Invest EU Instrument is used, the programme would give provisioning for the budgetary guarantee and the financing for financial instruments. EU funding in the form of grants would be provided as FNLTC or SCOs, in particular lump sums or unit costs for personnel.

## Annex III – Joint undertakings and executive agencies in the 2021-2027 EU budget period





## Abbreviations

Abbreviation	Definition/Explanation
ECF	European Competitiveness Fund
EIB	European Investment Bank
EIT	European Institute of Innovation & Technology
EFSI	European Fund for Strategic Investments
ERA	European Research Area
FP10	10th Framework Programme
FNLTC	Financing not linked to costs
MFF	Multiannual financial framework
R&I	Research and innovation
RRF	Recovery and Resilience Facility
SCO	Simplified cost option
TFEU	Treaty on the Functioning of the European Union

# Glossary

Term	Definition/Explanation
<b>Beneficiary</b>	Natural or legal person receiving a grant or loan from the EU budget to implement a project or programme.
<b>Budget flexibility</b>	Mechanism allowing the Commission to reallocate appropriations between programmes, policy windows, or years within the MFF ceilings to respond to changing priorities.
<b>European Competitiveness Fund (ECF)</b>	Proposed EU fund that includes a specific programme for defence research and innovation activities.
<b>European Investment Bank</b>	EU bank, owned by the member states, which provides financing for projects in support of EU policy, mainly in the EU, but also externally.
<b>EU added value</b>	Additional value generated by EU action compared with member state action alone.
<b>European Semester</b>	Annual cycle which provides a framework for coordinating the economic policies of EU member states and monitoring progress.
<b>European Fund for Strategic Investments</b>	Support mechanism launched by the EIB and the Commission, as part of the Investment Plan for Europe, to mobilise private investment in projects of strategic importance for the EU.
<b>Joint undertaking</b>	EU body established with a public and/or private partners to carry out a project or activity in the area of research and technology.
<b>Multiannual financial framework</b>	The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for seven years. Provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure.
<b>Performance</b>	Measure of how well an EU-funded action, project or programme has met its objectives and provides value for money.
<b>Recovery and Resilience Facility</b>	The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic and stimulate recovery, and to meet the challenges of a greener and more digital future.
<b>Sound financial management</b>	Management of resources in accordance with the principles of economy, efficiency and effectiveness.
<b>Work package</b>	Group of related tasks that together contribute to a major project deliverable, objective or milestone.

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## HOW TO CITE

European Court of Auditors, [opinion 02/2026](#) “concerning the proposal for a regulation of the European Parliament and of the Council establishing Horizon Europe, the Framework Programme for Research and Innovation, for the period 2028-2034, laying down its rules for participation and dissemination, and repealing Regulation (EU) 2021/695 [COM(2025) 543 final]”, Publications Office of the European Union, 2026.

**This opinion, issued pursuant to Article 322(1) TFEU, which provides for the European Court of Auditors to be consulted on proposals relating to the EU's financial rules and instruments, concerns the proposal for a new regulation on Horizon Europe, which was presented by the European Commission on 16 July 2025.**

**The purpose of this opinion is to provide observations on the proposal's design, governance, performance framework and financial control arrangements. It is intended to help ensure that the future programme promotes sound financial management, accountability and European added value in EU's research and innovation policy.**

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