

Director's Report on the Execution of the Budget for the Year 2024

The present annual report of the Director to the Ministerial Council (as required under Art 75 of the Treaty¹) gives an overview of Energy Community spending in 2024.

The Energy Community achieved its mission and fulfilled the adopted Work Programme supported by the contributions made by the Parties to the Energy Community Treaty, i.e. the European Union (94.78%) and the Contracting Parties (5.22%) as a part of the ordinary budget approved by the Ministerial Council. The level of 2024 ordinary budget utilization reached 98,47%.

The Energy Community Secretariat is thankful to its additional donors – the Republic of Austria, the United Kingdom and Northern Ireland, the European Commission, the Visegrad Fund, the European Climate Foundation, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for their extraordinary contribution during the reporting period.

The Ukrainian Energy Support Fund established in 2022 in response to the Russian invasion to Ukraine continued its operations with support of different donors. On 20 December 2024, Ukraine Energy Support Fund (UESF) reached a major milestone, surpassing EUR 1 billion in pledges from 30 government and donors, including 6 companies and non-state organisations. This is greatly appreciated.

Artur Lorkowski

Director
Energy Community Secretariat

¹ Article 75 of the Treaty establishing the Energy Community ("the Treaty") and Article 38 of the Procedures for the Establishment and Implementation of Budget, Auditing and Inspection ("Budgetary Procedures") stipulate that the Director reports annually on the execution of the budget and activities of the Energy Community to the Ministerial Council.

The presentation follows the applicable Standard 24 of the International Public Sector Accounting Standard (IPSAS) "Presentation of Budget Information in Financial Statements". In accordance with the standard, the comparison of the budget and actual implementation shall be presented, for each heading (budget line) separately, on the basis of both the original and the final budget amounts.

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1. ANNUAL ACTIVITIES OF THE ENERGY COMMUNITY 2024: FOCUSING ON THE ROLE OF SECRETARIAT

1.1 Electricity Integration and Market Coupling

Following the adoption of the Electricity Integration Package (EIP) in 2022, the Energy Community made steady progress in aligning regional electricity markets with EU mechanisms such as Single Day-Ahead (SDAC) and Single Intraday Coupling (SIDC). This integration is crucial for improving market efficiency and meeting criteria for CBAM exemptions.

By 2024, day-ahead markets were operational in Albania, Montenegro, North Macedonia, and Kosovo*, while Serbia launched an intraday market. However, uneven implementation across Contracting Parties threatens to delay full coupling to 2026 or beyond, putting CBAM exemption opportunities at risk.

To address this, the Secretariat prioritized legislative support, assisting countries like Montenegro and Ukraine with transposing the EIP and reviewing draft laws across the region. The Secretariat played a key facilitation role in strengthening cross-border electricity exchanges, notably between Ukraine, Moldova, and EU Member States, and supported initiatives like the South-East European Market Coupling Initiative.

Major events such as the Electricity Forum (Athens) and the Electricity Market Integration Forum (Brussels) emphasized the importance of regulatory alignment and political support for market integration. Ongoing cooperation with EU bodies—ENTSO-E, ACER, NEMO Committee, and others—enabled progress on the MCO Integration Plan and Capacity Calculation Regions (CCRs).

The Projects of Energy Community Interest (PECI) selection process advanced significantly in 2024. Following technical evaluation and stakeholder consultation, the Secretariat submitted a final list to the European Commission in September, and the list was adopted in December 2024 during the Ministerial Council meeting.

1.2 Energy Security and Green Transition

Green Transition and the Berlin Process

In 2024, the Secretariat reinforced its role in the Western Balkan Green Agenda through active participation in the Berlin Process. Events like the Green Agenda Ministerial in Hamburg and the Berlin Summit emphasized regional cooperation, investment in sustainability, and alignment with EU environmental standards.

Carbon Pricing and CBAM Readiness

Work on carbon pricing progressed, guided by the Decarbonization Roadmap and Ministerial Council Conclusions. The Secretariat supported Contracting Parties in aligning with the EU Emissions Trading System (EU ETS), focusing on Monitoring, Reporting, Verification, and Accreditation (MRVA). The updated CBAM-Readiness Tracker, released in October, assessed compliance gaps ahead of the 2025 exemption deadline for electricity exports.

Building Governance and MRVA Systems

The Secretariat supported the legal adoption of MRVA frameworks and formed a Technical Working Group to harmonize practices across Contracting Parties. Country missions and legislative reviews helped accelerate national preparedness for CBAM requirements.

Climate Reporting and International Engagement

In cooperation with the European Environment Agency, the Secretariat enhanced climate governance by supporting Contracting Parties in fulfilling reporting duties under the Governance Regulation. It also co-organized side events and technical groups at COP29 and held the annual Climate and Energy Reporting meeting.

NECP Development

Progress continued on National Energy and Climate Plans (NECPs), with Moldova and Ukraine receiving feedback and technical support. Preparations for integrated progress reports, due in March 2025, are underway, including work to align with ReportENER and ReportNET platforms.

Renewables Investment and Market Tools

Support was provided for implementing the Renewable Energy Directive, establishing Guarantees of Origin registries, and preparing for renewable energy auctions. The Secretariat also launched a regional PPA initiative, holding workshops to build market readiness. The annual Conference on Advancing Renewable Investments, held in Ljubljana in November, further promoted investment in the sector.

Energy Efficiency and Energy Poverty

The Secretariat advanced the "Energy Efficiency First" principle in Contracting Parties' policies and supported energy poverty strategies through coordination groups. A new report released in October assessed the state of energy poverty across the region, highlighting affordability challenges for vulnerable households.

1.3 Powering Ukraine's Resilience

Emergency Support

In response to the destruction of over 9 GW of generation capacity due to Russian attacks, the **Ukraine Energy Support Fund (UESF)**, managed by the Energy Community Secretariat, reached a major milestone and surpassed EUR 1 billion in pledges from 30 donors by end of 2024. Achievements include installing **220 MW** of distributed gas generation, repairing **1.8 GW** of thermal power, and restoring key renewable infrastructure. To streamline the operations, the **Ukraine Support Task Force (USTF)** was merged with the UESF to streamline operations, coordinating **157 in-kind donations** of critical energy equipment from over 100 donors in 24 countries.

Post-War Recovery

The **Ukraine Energy Market Observatory**, launched in 2023, continues to monitor and report on Ukraine's energy sector, covering electricity, gas, renewables, and climate-related reforms. In 2024, it published 18 reports tracking legal and regulatory changes, including RES auctions, Guarantees of Origin, and REMIT implementation. The Observatory also provides recommendations to policymakers to align Ukraine's framework with EU and Energy Community rules, supporting transparency, investment readiness, and long-term market integration.

1.4 Advancing Gas Sector Resilience

Support for Ukraine

The Energy Community Secretariat helped secure over **EUR 100 million** for Ukraine's gas infrastructure through the **Ukraine Energy Support Fund**, including refurbishing compressor stations, procuring key equipment, and delivering gas turbines. Five in-kind equipment shipments from EU countries further supported Ukraine's gas network during wartime.

Boosting Regional Transit and Diversification

To reduce dependency on Russian gas, the Secretariat focused on enhancing **North-South gas routes**, especially the **Trans-Balkan Pipeline (TBP)**. A detailed study proposed ways to improve TBP's commercial use, positioning it as a key part of the **Southern Gas Corridor**.

Complementary projects like **IGB** and **IBS** interconnectors also advanced market integration and supply diversification.

Storage Targets and Winter Readiness

For **2025**, the Secretariat set **gas storage targets** for Ukraine and Serbia to improve winter preparedness and supply security, aiming for 23% by February and 80% by September in Serbia.

Regional Dialogue and Coordination

At the **19th Gas Forum** in September 2024, over 140 stakeholders discussed the gas sector's evolving role, regulatory alignment, and cooperation to enhance resilience.

1.5 Energy Community Regulatory Board (ECRB)

The ECRB is the independent body of energy regulators in the Energy Community, promoting regulatory alignment, cross-border cooperation, and best practices in electricity and gas markets. It operates through four working groups.

In 2024, the ECRB focused on wholesale and retail market monitoring, consumer protection, active customers, flexibility, renewables, biogas, and REMIT implementation. It provided opinions on Projects of Energy Community Interest (PECI), reference gas price methodologies, and congestion at interconnectors.

In June, **Ymer Fejzullahu (Kosovo*)** was elected ECRB President, with the European Commission as Vice-President.

1.6 EU4Energy Governance (Phase II)

Co-funded by the EU and running until November 2026, this project supports **clean energy transitions and energy security** in **Georgia, Moldova, and Ukraine**. The Energy Community Secretariat helps implement energy reforms aligned with the EU acquis, including electricity, gas, renewables, and energy efficiency. In 2024, the project trained **670 officials** and hosted **24 events**. As Ukraine and Moldova move toward EU accession, the Secretariat plays a key role in aligning their energy legislation with EU standards and strengthening institutional capacity.

1.7 Communications and Outreach

In 2024, the Secretariat strengthened its communications to reinforce its role as a technical authority and key driver of regional energy market integration. Messaging was closely aligned with policy developments, showcasing impact and building trust with stakeholders. Media outreach became more strategic, while digital engagement grew—particularly on LinkedIn, where followers reached 15,000, and Facebook saw renewed activity. Work began on launching a new visual identity – a spiral of stars transitioning from blue to green – reflecting the region’s shift toward sustainable energy, with the full rollout planned for the Secretariat’s 20th anniversary in 2025. Communications tools were modernised with accessible language, strong visuals, and engaging formats.

Over 130 events were organised, most in-person or hybrid, reinforcing the Secretariat’s visibility and deepening connections across the region.

1.8 Achieving sustainability: EMAS re-certification

After the Secretariat’s environmental management system re-certification in October 2023, focus shifted to implementing the 2024 environmental programme, which includes over 40 actions aligned with the Secretariat’s environmental policy. Measures like sustainable procurement, green office practices, and event management were enhanced, including an office clean-up day in April that collected nearly one ton of recyclable waste. The programme also provided opportunities for communication on sustainability. In June, the Secretariat hosted an EMAS webinar during the EU Sustainable Energy Days, attracting 50+ participants from 16 countries. The team held a session at the staff retreat and continued to provide newcomer training. To add a personal touch to encouraging green practices, the EMAS team produced an in-house video for the staff, detailing the office recycling routine. Plans for sustainability reporting and joint energy-saving actions are in progress.

2. 2024 ENERGY COMMUNITY ORDINARY (CORE) AND EXTRAORDINARY BUDGETS

With all these and other efforts, the Secretariat is committed to ensure that the Energy Community budget achieves the best outcomes for contributing to the attainment of the Energy Community's priorities and activities defined in the work programme. Its continuous efforts ensure the implementation of the budget in accordance with the principle of sound financial management.

Budget implementation in 2024 was smooth, effective, efficient, and timely. The level of implementation of the ordinary budget reached 98.47% after writing-off the unpaid Ukraine contribution. The total repayment amount of unused budget appropriations and other income amounts to EUR 107,305.17

The overall results of the year-end accounts audited resulted in an **unqualified external auditors'** opinion provided by Forvis Mazars in June 2025².

2.1 Annual Revenue

In 2024, the Energy Community revenues and other available sources amounted to **EUR 607.170.639,13**, presented in Table 1 below including:

- Core budget Contracting Parties' contributions **EUR 6,602,731**
- Extraordinary budget Donor's contribution **EUR 1,512,200.12**, and
- Fiduciary contributions of **EUR 598.885.708,01**

² Disclaimer: Subject of the final audit report 2024 release.

Contracting Party/Donor	Amount, EUR
Contributions Contracting Parties	
Core budget contributions	
European Union	6,258,068.00
Republic of Albania	5,942.00
Bosnia and Herzegovina	13,205.00
North Macedonia	6,603.00
Moldova	6,603.00
Montenegro	3,301.00
Republic of Serbia	36,975.00
Ukraine	260,148.00
Kosovo*	4,622.00
Georgia	7,263.00
Subtotal A	6,602,731.00
Other sources of revenue	
Extraordinary budget contributions	
Contribution of the Republic of Austria	170,000.00
IVF Vyshegrad Fund	28,180.43
UK Biomethane Project	120,603.98
Grant Contract EU4Energy	1,130,415.71
GC Donation European Climate Foundation	63,000.00
Subtotal	1,512,200.12
Fiduciary contributions	
Ukraine Energy Support Fund	554,204,552.73
SIDA Guarantee	44,681,155.28
Moldova Rescue Scheme	0.00
Subtotal	598,885,708.01
Subtotal B	600,397,908.13
Total Revenue (A+B)	607,000,639.13

Table 1 – Revenue 2024

2.1.1 Parties' contributions to the ordinary budget

The core operational financing of the Energy Community comes from the Parties' contributions to be paid annually by June 30. The contribution and not used budget appropriations in 2024 and previous fiscal year unused funds presented in Table 2 with total repayment of **EUR 107,305.17**.

Note: that the contribution of Ukraine was not paid and was written off as per decision of the 22nd Ministerial Council held in Vienna on 12 December 2024.

Parties	Contribution in EUR	Contribution in %	Unused Appropriations 2024	Unused Legal Commitments 2023	Total repayment amount
			(1)	(2)	(3) = (1) + (2)
European Union	6.258.068,00	94,78%	96.044,76	5.659,08	101.703,83
Republic of Albania	5.942,00	0,09%	91,19	5,37	96,57
Bosnia and Herzegovina	13.205,00	0,20%	202,66	11,94	214,60
Georgia	7.263,00	0,11%	111,47	6,57	118,04
Kosovo*	4.622,00	0,07%	70,94	4,18	75,12
North Macedonia	6.603,00	0,10%	101,34	5,97	107,31
Moldova	6.603,00	0,10%	101,34	5,97	107,31
Montenegro	3.301,00	0,05%	50,66	2,99	53,65
Serbia	36.975,00	0,56%	567,47	33,44	600,91
Ukraine	260.148,00	3,94%	3.992,58	235,25	4.227,84
TOTAL	6.602.731,00	100,00%	101.334,42	5.970,75	107.305,17

Table 2: Contributions and repayments of unused budget appropriations for 2024

2.1.2 The Ukrainian Energy Support Fund (UESF)

The UESF was established to support the Ministry of Energy of Ukraine to maintain the energy infrastructure and sector suffering from the attacks of the Russia since the 24th of February 2022.

The UESF is based on a Fiduciary Agreement between Sponsors, **the Energy Community Secretariat (as Fiduciary)**, and the Ministry of Energy of Ukraine. A separate special bank accounts were established in Austria to receive donations and pay the invoices as stipulated in the agreement with the Ministry of Energy of Ukraine.

The total amount of funds received in 2024 to dedicated bank accounts is **EUR 598.885.708,01** (see Table 1, Fiduciary: Ukraine Energy Support Fund and SIDA Guarantee)

2.1.3 The Moldova Rescue Scheme

The Energy Rescue Scheme for Moldova was created at the initiative of the Energy Community Secretariat and was presented at the Paris meeting of the Moldova Support Platform in

November 2022 (being fully set up in 2023), aiming to anticipate and address the country's energy crisis caused by the disruption of traditional energy supplies from the East. The Energy Community Secretariat committed to playing a pivotal role as the **Fiduciary**, managing the funds donated by international donors.

The total amount of funds from donors received in 2024 to dedicated bank accounts is EUR 0.-





3. EXPENDITURES

The total level of expenditure reached the amount of EUR 320.234.802,94 presented in Table 3 below, including:

- expenses from the ordinary budget amounted to EUR 6.504.135,82,
- expenses from extraordinary budgets amounted to EUR 1.453.938.31, and
- expenses Ukrainian Energy Support Fund in amount of EUR 312.276.728,81.

Budget Line	Ordinary Budget				Extraordinary Budget						Fiduciary Budget			Total				
	Original Budget 2024	Changes due to other Sources of Revenue	Final Budget 2024	Actual amounts 2024 on a comparable basis	Legal Commitments 2024	Actual amounts 2024 on a comparable basis incl. Legal Commitments	Actual amounts 2024 on a comparable basis incl. Legal Commitments [in %]	Donation Austria	Donation IVF Vyshegrad Fund	Grant Contract EUEnergy Foundation)	ECF Grant (Climate Foundation)	GIZ	UK Biomethane Project		Indirect Recovery Fund	Moldova Rescue Scheme	Ukraine Energy Support Fund	SIDA Guarantees
1. HUMAN RESOURCES	4.191.910,00	0,00	3.993.910,00	3.887.544,97	0,00	3.887.544,97	98,32%		841.235,20									4.728.760,17
Subtotal Human Resources																		
2. TRAVEL EXPENSES	75.000,00	0,00	82.000,00	81.102,63	0,00	81.102,63	98,91%											81.102,63
Daily Subsistence Allowance (DSA)	150.000,00	0,00	143.000,00	142.391,17	0,00	142.391,17	99,57%											142.391,17
Travel Expenses (flights and incidentals)	225.000,00	0,00	225.000,00	223.493,80	0,00	223.493,80	99,33%		850,00	35.910,18		4.164,24						264.418,22
Subtotal Travel Expenses																		
3. OFFICE EXPENSES	215.000,00	0,00	258.000,00	255.503,08	0,00	255.503,08	99,42%											255.503,08
Office rent	85.000,00	0,00	97.000,00	84.818,88	69.774,80	154.593,68	99,47%											154.593,68
Office equipment	150.000,00	0,00	150.000,00	135.000,00	36.190,28	265.250,00	99,50%		-764,26									265.250,00
Consumables	15.000,00	0,00	15.000,00	13.582,42	36.025,00	45.000,00	99,65%											45.000,00
Travel Expenses	65.000,00	0,00	65.000,00	63.102,78	0,00	63.102,78	97,08%											63.102,78
Subtotal Office Expenses	505.000,00	0,00	518.000,00	515.195,42	125.965,08	641.660,50	99,23%	170.000,00	-764,26	48.224,68								641.660,50
4. OTHER COSTS AND SERVICES	55.000,00	0,00	71.700,00	70.072,64	0,00	70.072,64	97,73%											70.072,64
Advertising, communication and representation	790.821,00	0,00	507.421,00	320.458,89	183.088,36	503.547,25	99,24%											503.547,25
Studies, research and consulting	240.000,00	2.739,24	256.739,24	235.726,60	16.704,00	252.432,60	98,32%											252.432,60
Costs of outsourced services (IT, payroll, etc.)	130.000,00	0,00	220.000,00	219.489,36	0,00	219.489,36	99,62%											219.489,36
Costs of Audit, Legal and Financial Advice	30.000,00	0,00	27.400,00	27.296,21	0,00	27.296,21	99,62%											27.296,21
Financial services	195.000,00	0,00	240.000,00	236.554,38	0,00	236.554,38	98,95%					21.720,59						258.274,97
Conference costs	180.000,00	0,00	236.000,00	222.800,86	0,00	222.800,86	94,41%											222.800,86
Refunding	70.000,00	0,00	49.300,00	45.853,80	5.389,45	46.223,25	99,84%											46.223,25
Training	1.680.821,00	2.739,24	1.688.560,24	1.376.234,74	205.181,81	1.581.416,55	98,31%		25.687,03	322.322,65	8.825,00	21.720,59		-27.234,01	1.810,43	1.775.605,35	0,35	3.713.153,95
Subtotal Other Costs and Services																		
Subtotal Operating Expenses	2.410.821,00	2.739,24	2.691.800,24	2.265.443,96	331.146,89	2.616.590,85	98,68%	170.000,00	25.772,77	406.454,92	8.825,00	25.884,83	0,00	-27.234,01	1.810,43	1.775.605,35	0,35	5.066.710,09
Donations (Fiduciary)																		0,00
TOTAL EXPENSES	6.602.791,00	2.739,24	6.605.470,24	6.172.968,93	331.146,89	6.504.135,82	98,47%	170.000,00	25.772,77	1.247.689,72	8.825,00	25.884,83	0,00	-27.234,01	132.632,67	312.144.195,79	0,35	320.234.802,94

Table 3: Summary of budget expenditures from ordinary and extraordinary budget

3.1. Human Resources from ordinary budget

The budget line Human Resources covers expenses for salaries of the Secretariat 's staff which represent all-inclusive employee remuneration, expenses for accident insurance, and reimbursement of the health insurance for staff. On 31 December 2024 the Energy Community employed **59** staff (including permanent and temporary staff i.e. internship and secondment).

The level of utilization amounted to EUR 3.887.544,97 or 98.32% (Table 5).

3.2. Travel Expenses from ordinary budget

This budget line covers travel expenses of the Energy Community staff related to technical assistance to the Contracting Parties and participation at meetings and conferences organized at different locations outside the Secretariat's headquarters related to the implementation of the Treaty and includes direct travel expenses (flights, train and incidentals), as well as daily DSA.

The level of utilization amounted to EUR 223,493.80 or 99.33% (Table 5).

3.3. Office expenses from ordinary budget

This budget line covers expenses for acquisitions of non-current assets, office furniture, computer equipment and software, as well as expenses for telephone, cleaning, maintenance and repair, and rental expenses.

The level of utilization amounted to EUR 811,680.50 or 99.23% (Table 5).

3.4. Other costs and services from ordinary budget

This budget line covers expenses for advertising, communication and representation, studies, research and consulting, outsourced services (IT, payroll, etc.), audit, legal and financial advice, financial services, conference costs, travel refunding for participants, training expenses.

The level of utilization amounted to EUR 1,581,416.55 or 98.31% (Table 5).

3.5. Write-Off receivable from Ukraine

The receivable from Ukraine in the amount of EUR 224,882.08 was written off proportionally to the different budget positions in accordance with the decision of the 22nd Ministerial Council on 12th December 2024.

3.6. Indirect Cost Recovery Fund (ICRF)

The new cost center was set up to record the income generated by the indirect cost as unrestricted funds charged to the grants if it is envisioned in the grant agreements with the amount collected EUR 27,234.

4. BUDGET MANAGEMENT

Since 2007, the EU and the Contracting Parties to the Treaty establishing the Energy Community have committed to biannual budgets that provide a solid basis for the implementation of the objectives of the Treaty and the functioning of the institutions.

The Director of the Secretariat is entrusted with the implementation of the budget in accordance with the principles of Energy Community financial regulation, primarily Procedures for the Establishment and Implementation of Budget, Auditing and Inspection and Budget Committee Internal Rules of Procedure (“Budgetary Procedures”).

The budget for 2024 is part of the biennium 2024-2025 approved by the Ministerial Council.

The biannual financial framework lays down the maximum amounts (ceilings) that the Energy Community may spend in 4 (four) different categories of expenditure (budget lines) each year.

The structure of the budget is defined in Title V of the Budgetary Procedures.

The funds are allocated between four major categories of expenditures of the Energy Community, “budget lines”, composed of “budget positions”. The headings (budget lines) correspond, therefore, to different types of expenditure, which are:

1. Human resources include the resources for the employment of the Energy Community personnel (temporary and permanent) at the seat of its Secretariat in Vienna
2. The travel budget line defines resources required for the travel activities of its personnel
3. Office expenditures include any resources that are necessary for the functioning of the Secretariat as a seat of the Energy Community
4. Other costs and services include resources required for the continuous functioning of the Secretariat (i.e. outsourced services for IT and accounting) and for technical assistance provided to the Contracting Parties as well as management and refunding of events.

The operational expenditures necessary for the functioning of its institutions are laid down in different parts of the budget. For the year 2024, the biannual ordinary budget sets a maximum of **EUR 6,602,731** for commitment appropriations.

4.1. Budget implementation

During the year, the budget of the Energy Community may be modified as is often required by the changing conditions during the year of implementation. This is usually done either through transfers or sometimes through amending the budget.

The final budget for a given year is considered as a final one once the financial year has ended and all changes have been approved, either by the Director or by the Budget Committee in line with their respective competencies (Art 18 of the Budgetary Procedures).

The following flexibility measures may result in changes in the annual budget for the financial year:

4.1.1 Carryover of unused legal commitments

Unused commitments are budget contributions that have not been used (paid or invoiced) at the balance sheet date but for which commitments (e.g. by the commissioning of studies) have been entered into in the current year or in prior years. The carryover of legal commitments is presented in Table 4.

	2024 in EUR
Studies, research and consulting	-
Consulting	183.088,36
Advertising, communication and representation	-
Cost of outsourced services	16.704,00
Office equipment	69.774,80
Consumables	56.190,28
Training	5.389,45
Total ORDINARY BUDGET	331.146,89
Thereof unused legal commitments	-
Total EXTRA ORDINARY BUDGET	
Thereof unused legal commitments	-
Total ORDINARY & EXTRA ORDINARY BUDGET	331.146,89

Table 4. Legal Commitments carried forward from 2024 to 2025.

4.1.2 Transfers of budget appropriations

Transfers between budget lines are cost neutral in their effect on the overall budget. Generally, the decision is made by the Director with information provided to the Budget Committee for the amounts +/- 10% compared with the original budget lines. For higher amounts, or for transfers to/from the budget line “Human Resources”, the approval of the Budget Committee is required and was granted in 2024 by written decision of the Budget Committee.

In 2024, **EUR 238,000** were transferred from the budget line “Human Resources”, **EUR 75,000** were transferred from the budget line “Other costs and services” primary to support budget line “Office expenses” including one-time CAPEX investments with thanks for support provided to the Budget Committee.

Changes due to other revenue recorded at the level of **EUR 2.739,24**. The above data in detail can be found in Table 5 below:

(in EUR)	Original Budget 2024	Changes due to other Sources of Revenue -	Budget Transfers 2024	Final Budget 2024
ORDINARY BUDGET				
1. HUMAN RESOURCES				
Subtotal Human Resources	4.191.910,00	0,00	-238.000,00	3.953.910,00
2. TRAVEL EXPENSES				
Daily Subsistence Allowance (DSA)	75.000,00	0,00	7.000,00	82.000,00
Travel Expenses (flights and incidentals)	150.000,00	0,00	-7.000,00	143.000,00
Subtotal Travel Expenses	225.000,00	0,00	0,00	225.000,00
3. OFFICE EXPENSES				
Office rent	215.000,00	0,00	43.000,00	258.000,00
Office equipment	85.000,00	0,00	72.000,00	157.000,00
Consumables	135.000,00	0,00	159.000,00	294.000,00
Other Services	70.000,00	0,00	39.000,00	109.000,00
Subtotal Office Expenses	505.000,00	0,00	313.000,00	818.000,00
4. OTHER COSTS AND SERVICES				
Advertising, communication and representation	55.000,00	0,00	16.700,00	71.700,00
Studies, research and consulting	780.821,00	0,00	-273.400,00	507.421,00
Costs of outsourced services (IT, payroll, etc.)	240.000,00	2.739,24	14.000,00	256.739,24
Costs of Audit, Legal and Financial Advice	130.000,00	0,00	90.000,00	220.000,00
Financial services	30.000,00	0,00	-2.600,00	27.400,00
Conference costs	195.000,00	0,00	45.000,00	240.000,00
Refunding	180.000,00	0,00	56.000,00	236.000,00
Training	70.000,00	0,00	-20.700,00	49.300,00
Subtotal Other Costs and Services	1.680.821,00	2.739,24	-75.000,00	1.608.560,24
Subtotal Operating Expenses	2.410.821,00	2.739,24	238.000,00	2.651.560,24
TOTAL EXPENSES - ORDINARY BUDGET	6.602.731,00	2.739,24	0,00	6.605.470,24

Table 5. Comparison of original core budget with budget transfers and other sources

4.2 Amendments to the budget

There were no amendments in the Budget in 2024.

4.3 The Internal Rules of Procedure of the Budget Committee

The Internal Rules of Procedure of the Budget Committee were amended on November 22, 2024.

5. INTERNAL CONTROL PROGRESS SUMMARY

The organization has made tangible progress in strengthening its internal control system, particularly through the continuous update and maintenance of the ICS framework and risks control matrix. A redesigned matrix has been created, incorporating risks identified across a wide range of operational areas, including Finance, Procurement, HR, IT, and web development. This matrix is now in use for annual assessments and evaluations, providing a structured basis for reviewing and updating risk responses. The internal audit function plays a central role in this process by facilitating annual reviews and updates to ensure that documentation remains accurate and that controls remain effective and relevant.

In parallel, a comprehensive review of control objectives has been undertaken to ensure that they are clearly defined and aligned with SMART criteria—specific, measurable, achievable, relevant, and time-bound. This effort addresses previously vague or generic objectives by making them more concrete and actionable. The revised control matrix will be officially adopted and implemented in 2025, representing a significant step forward in internal control governance.

Regarding third-party risk management, formal risk assessments have been introduced to evaluate vulnerabilities associated with service providers. The administration has actively engaged external auditors to incorporate their findings into due diligence processes. Surveys and performance evaluations are now regularly conducted to ensure that service providers meet evolving needs, and KPIs are being developed and integrated into key vendor's contracts.

To enhance control over expenditure data, access has been restricted to authorized personnel only. A software upgrade to the RS system was successfully completed in September 2024, introducing post-entry edit restrictions and additional monitoring functionalities. Although some final enhancements are still underway, the changes have strengthened preventive and detective controls over financial data handling.

In the area of delegated authority, a formal policy is being developed to allow approvers to assign their responsibilities to trusted colleagues during periods of absence. The policy includes detailed logging of such delegations and requires prior written authorization from senior management. This ensures continuity in operations without compromising internal control standards.

Asset management processes have also been significantly improved. Since 2023, all sensitive equipment—such as laptops, monitors, and mobile phones—has been individually assigned and recorded. Storage has been upgraded with dedicated lockable spaces and electronic access control was installed for valuable assets storage, and the corresponding policies updated in line

with annual inventory results. The approach provides transparency, accountability, and improved tracking of assets across the organization.

Lastly, access control policies for IT systems have been enhanced. The existing service agreement with Nettec was amended to include rigorous reporting requirements and statistical indicators for system monitoring. Formal change control processes have been implemented, and access to sensitive data now requires prior written authorization from top management. Additionally, password policies have been strengthened, and system activity is now regularly reviewed for suspicious behavior, with passwords being updated more frequently as a preventive measure.

6. ACCOUNTING FRAMEWORK

The Energy Community accounts are prepared in accordance with the International Public Sector Accounting Standards (IPSAS), ensuring that the accounts provide relevant, reliable, comparable and understandable financial information to their stakeholders.

7. ANNUAL ACCOUNTS

The accounts provide information on the financial position (statement of financial position) and financial performance (statement of financial performance) with detailed explanations of the respective positions presented (notes to the financial statements). Further, a detailed report on the execution of the Energy Community budget, as required under IPSAS 24, is part of the annual accounts.

Annual accounts comprise two main elements:

- 1) Financial statements that show the Energy Community's assets and liabilities and the revenues and expenditure for that period
- 2) The budget implementation report shows the ordinary budget, derived from the contributions of the Parties, and the extraordinary budget, established through other sources of revenues received (direct grants, donations, other).

8. THE BUDGETARY DISCHARGE

Every year, the Ministerial Council, after taking account of the potential observations of the Budget Committee, examines the certified accounts and financial statements of the Energy Community and the report of the external auditors, with the view of granting the discharge of the Director from his/her management and administrative responsibility with respect to the budget for the year in question.

The integrated financial package being a basis for the discharge decision comprises the following documents:

- 1) The Director's Report on the budget utilization as required under Article 75 of the Treaty (the present Report)

- 2) Annual accounts produced in accordance with IPSAS
- 3) Potential observations of the Budget Committee in relation to the audit as per Article 82 of the Budgetary Procedures.

9. CONTROL OF THE ENERGY COMMUNITY BUDGET

The annual accounts are audited by the assigned external audit company, which gives its opinion in a public report (published on the website of the Energy Community) and directly to the Budget Committee of the Energy Community comprising representatives of the Parties to the Treaty.

In June 2025, the designated external audit company Forvis Mazars Audit GmbH (Austria) finalized the audit of the financial statements of the Energy Community for the year ending 31 December 2024. The audit's scope included the review of the annual accounts of the Energy Community as well as of the internal control systems relevant for the implementation of the budget.

The key statements of the auditors for the relevant period ending 31 December 2024 are the following:

1. *"In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Organization as of December 31, 2024, of the financial performance and of its cash flow for the financial year then ended in accordance with International Public Sector Accounting Standards (IPSAS). The Statement of Comparison of Budget and Actual Amounts for the Year 2024 is prepared, in all material respects, also in accordance with IPSAS³"*
2. "We have audited the amendments to the annual financial statements. In our opinion, the amendments to the annual financial statements comply with legal requirements and the amended annual financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2024 and of its financial performance for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS)"

³ See Audit Report on the Financial Statements as of 31 December 2024.

As an outcome, a statement of assurance has been issued by the audit company, which is the sound basis for the proposal for the decision on the discharge of the Directors from their management and administrative responsibilities for the financial year 2024.

