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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the evaluation of the Union's finances based on the results achieved

{SWD(2014) 200 final}
{SWD(2014) 201 final}

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1. INTRODUCTION

Article 318 TFEU requires the Commission to submit to the European Parliament and the Council an evaluation report on the Union's finances based on the results achieved. This fourth Article 318 Evaluation Report ('the Evaluation Report' or 'Report') follows up on requests made by the Discharge Authority, most recently in its 2012 discharge resolution and in its Resolution of 26 February 2014[1], on its content and structure.

Further work has been done to improve the focus of the report on the performance of the main financial programmes as reported and assessed in 2013. A distinction has been made between internal and external policies and the Report focusses, within the section relating to internal policies, on performance information relevant to the Europe 2020 strategy. As has been set out in the Commission's recent stock-taking of the Europe 2020 strategy, against a background of the crisis and other long-term trends affecting growth, progress towards the Europe 2020 targets have been mixed[2]. Although it is not possible to single out what has been the exact contribution of each of the financial programmes in achieving Europe 2020 targets[3] and although the Europe 2020 strategy had not been adopted when the MFF 2007-2013 programmes were designed, this report provides available performance information on how the financial programmes have contributed to Europe 2020.

2013 is the last year of the MFF 2007-2013 period, but it is still too early fully to measure the programmes' results and impacts. This is because the final and ex-post evaluations addressing these issues are planned in the period 2014-2016. Nevertheless, data is available on indicators measuring the extent to which the implementation of the programmes is on track and a number of evaluations have been finalised giving performance feedback.

The report examines the results achieved for the main financial programmes (section 2). Looking to the future, the report summarises the monitoring, reporting, and evaluation framework for the 2014 – 2020 Multi-annual Financial Framework (MFF; section 3).

The Report is accompanied by two Commission Staff Working Documents. The first (SWD1) provides an analysis and a description of the monitoring, reporting and evaluation frameworks for the financial programmes in 2014-2020, fulfilling the commitment made in last year's Evaluation Report. Following up on a request of the Court of Auditors, the

[1] Resolution of the Parliament of 26/2/2014 on the evaluation of the Union's finances based on the results achieved: a new tool for the European Commission's improved discharge procedure (2013/2172 (INI).

[2] COM (2014) 130/2 final of 19.03.2014.

[3] Europe 2020 is a common endeavour of Member States and the Commission and many external factors influence the achievement of Europe 2020 objectives.

second document (SWD2) takes stock of the progress made to date on the Action Plan for the Development of the Article 318 Evaluation Report, attached to last year's Report.

2. OVERVIEW OF RESULTS ACHIEVED

The following section provides an overview of results achieved in 2013 for the main financial programmes. It is structured according to budget headings. For those budget headings related to the internal policies of the EU, it gives:

1. The main financial programmes and their link to Europe 2020;

2. An assessment of available performance results;

3. An account of operational aspects of performance.

For the EU external policies, the report focuses on the main achievements of the financial programmes related to external policy goals.

In line with the guidance given by the Discharge Authority this Report provides an overview, and so does not give an exhaustive and detailed account of the annual progress in achieving objectives for each of the MFF 2007-2013 financial programmes. Such detailed information, including summaries of 2013 evaluations, is available in the Annual Activity Reports of the Commission departments.

2.1. THE UNION'S INTERNAL POLICIES

2.1.1. COMPETITIVENESS FOR GROWTH AND EMPLOYMENT (budget heading 1A)

Programme objectives and Europe 2020

Main programmes under the budget heading 'Competiveness for growth and employment' (91% of the 2013 expenditure of EUR 15.7 billion under this budget heading) are the 'Seventh Framework Programme for research, technological development and demonstration activities' (FP7); the 'Competitiveness and Innovation Framework Programme' (CIP); the 'Trans-European Networks'(TEN); the 'Life Long Learning Programme'; and the 'European Energy Programme for Recovery' (EEPR).

These financial programmes contribute to the Europe 2020 priorities of Smart and Sustainable Growth. Furthermore, within these priorities the financial programmes address common needs identified in the Europe 2020 strategy: The need to leverage the EU financial means (e.g. FP7 through public-private partnerships (PPPs) and joint programmes with Member States) and the need to design new financial instruments to raise capital for innovative firms and SMEs (e.g. the financial facilities under FP7, CIP, and EEPR provide guarantees, venture capital and loans to SMEs and innovative firms).

Relating to Europe 2020's **Smart Growth priority**, programmes contribute to different headline targets and to the flagships 'Innovation Union' (by supporting research and innovation through FP7 and CIP), 'Youth on the Move' (through the researchers and student mobility programmes Marie Skłodowska-Curie actions and the Life Long Learning Programme).

EU research policy through FP7 contributes to the Europe 2020 headline target of increasing investment in R&D to 3% of GDP. The 3% target of research finance as a percentage of GDP is unlikely to be met. In particular business expenditure on R&D has declined slightly over the years. In this context, the Commission has continued to push to strengthen the Union's research and technological development, including through funding by the FP7.

The FP7 sought to mobilise the EU budget by leveraging its financial means through new combinations of private and public finance. Under FP7, a number of long-term public-private partnerships (PPP) were set up. The 'Innovative Medicines Initiative' (IMI) aims to foster Europe as the most attractive place for pharmaceutical R&D, thereby enhancing access to innovative medicines for patients; the 'Aeronautics and Air Transport' (Clean Sky) initiative aims to develop environmentally-friendly and cost efficient aircraft; and the 'Fuel Cells and Hydrogen' (FCH) initiative targets accelerating the development of fuel cells and hydrogen technologies in Europe to enable their commercial deployment between 2010 and 2020. ARTEMIS and ENIAC for embedded computing systems and nano-electronics support large-scale multinational research activities. Also a number of PPPs jointly mobilising Member State and EU financing were set up. Performance information became available for the Ambient Assisted Living joint programme focusing on Information Communication Technologies (ICT) and innovation for the aging population.

The Risk Sharing Financial Facility under FP7 is a joint EU/EIB financial instrument targeted at large projects (midcaps[4] and large companies, PPPs, research infrastructures, etc.) as well as the Risk Sharing Instrument pilot implemented jointly by the EU and the EIF dedicated to SMEs and small midcaps. The Facility supports investments in research, development and innovation by providing loans or guarantees.

FP7 also contributes to the research effort of Europe through strengthening human resources. Funding is provided by the European Research Council (ERC) on the sole criterion of scientific excellence. Under the 'People' sub-programme of FP7 funding of research posts through Marie Skłodowska-Curie actions totalled EUR 854.9 million in payments in 2013 (+21% compared to 2012).

Furthermore, the Life Long Learning Programme (EUR 1.34 billion expenditures committed in 2013) contributes to the Youth on the Move flagship and the Europe 2020 headline target of increasing the share of the population aged 30-34 having completed tertiary education to at least 40% and the reduction of school drop-out rates to less than 10%. There has been some progress in achieving this EU 2020 target although other indicators show that adult participation in learning, employability and youth economic situation have all deteriorated in recent years.

Relating to Europe 2020's **Sustainable Growth** priority, the financial programmes under this budget heading contributed to the flagship 'Resource Efficient Europe' with the aim to

[4] A middle-sized company not being an SME

reduce greenhouse emissions and secure energy supplies (CIP-intelligent energy Europe and European Energy Programme for Recovery) address critical transport bottlenecks and decarbonise the transport sector and (TEN-T and Marco Polo). The space programmes Galileo and Copernicus contributed to the flagship 'An Industrial Policy for the Globalisation Era'.

Under CIP, the Intelligent Energy Europe programme contributes to the Europe 2020 headline climate and energy target whilst improving the EU competitiveness and raising the skills of personnel in the energy sector.

The European Energy Programme for Recovery (EEPR; 2013 payments EUR 201.6 million) is designed to make energy supplies more reliable and to help reduce greenhouse emissions. The EEPR gives large-scale grants to highly strategic projects in three areas of the energy sector: gas and electricity connections (43 projects), offshore wind energy (9 projects) and carbon capture and storage (6 projects). In addition, under this programme a financial facility (European Energy Efficiency Fund) was established in 2011 by reallocating EUR 146 million from the programme to facilitate access to financing in the energy efficiency sector.

The Trans-European Networks –Transport (TEN-T) programme contributed to "*accelerate the implementation of strategic projects with high European added value to address critical bottlenecks, in particular cross border sections and inter modal nodes (cities, ports, logistic platforms)*"[5]. With payments of EUR 759.3 million in 2013 TEN-T aims to complete 30 so-called priority projects, or axes, facilitating the mobility of goods and passengers.

The Marco Polo II programme (2013 payments of EUR 17.5 million) aims to reduce a substantial part of the expected annual growth of international road freight transport by financing costs linked to modal shift from road to other transport modes.

Lastly, under the Europe 2020 flagship on 'An Industrial Policy for the Globalisation Era' the Commission works on the development of "*an effective space policy to provide the tools to address some of the key global challenges and in particular to deliver Galileo and GMES*"[6]. Financing is provided for the EU's satellite navigation and earth observations systems (GALILEO, GMES-COPERNICUS). The EU market share in the downstream worldwide market of global navigation satellite systems has steadily increased since 2010 from 24% to 30%. It looks likely that the 2020 target (33%) will be achieved. Overall, the European space manufacturing and launch industry has performed well in the global commercial markets over the course of the past years, with a growing market share for satellites and a stable market share of around 50% for commercial launches.

Programme performance

FP7, Life Long Learning and CIP programmes: Contributing to Smart Growth

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[5] COM(2010) 2020 final; page 16
[6] COM(2010) 2020 final; page 17

Under **FP7,** for the period 2007-2013, 130,007 applicants were retained for funding for a total requested EU financial contribution of EUR 41.26 billion. 98% of completed projects achieve their initial objectives and on average each completed project produces 5.7 publications. The close to 6,000 completed projects together produced 1,261 Intellectual property rights.

Particular attention has been paid under FP7 to the participation of industry and SMEs to ensure that research meets the needs of business and commercialisation of results follows on. Industry participation in collaborative research projects was particularly high in the energy and transport themes with funding rates close to 50% in each area. In collaborative research the percentage of projects that generated patent applications or other types of intellectual property exceeded targets (with the exception of the theme food, agriculture/fisheries and biotechnology). In FP7, SMEs have been active mainly in the specific programme ‘Cooperation’ (16,492 SME participants receiving EUR 4.7 billion in EU financial contribution) and in the specific programme ‘Capacities’ (6,502 SME participants receiving EUR 1.3 billion in EU financial contribution). Overall, 17% of the budget of the specific programme 'Cooperation' was allocated to SMEs, exceeding the target of 15%.

The PPPs set up under FP7 produced substantial leverage effects. In the case of IMI, the EU contribution of EUR 1 billion was matched by mainly in-kind contributions worth at least another EUR 1 billion from members of the European Federation of Pharmaceutical Industries and Associations (EFPIA). The EUR 1.6 billion budget of the Clean Sky JTI was contributed to on a 50/50 basis by the Commission (in cash) and the aeronautical industry (in-kind contribution). In the case of FCH, an EU contribution of EUR 470 million was matched by a contribution from the private sector and other participants of another EUR 470 million. The EU and involved Member States also committed over EUR 1.547 billion to the PPPs ARTEMIS and ENIAC with private R&D efforts adding more than EUR 2.529 billion in the period 2008-2013.

These PPPs have been evaluated positively in terms of operations and achievements. The 2013 second interim evaluation of IMI, for instance, concluded that IMI had successfully demonstrated the feasibility of large, multi-stakeholder PPPs for research and development in biomedicine and was now perceived globally as the leading public-private partnership (PPP) in healthcare. The 2013 second interim evaluation of FCH concluded that FCH had realised an adequate governance structure, created an effective dialogue between industry and research around a common strategic agenda, and had successfully implemented that agenda. Also the mid-term evaluations on ARTEMIS and ENIAC concluded that their relevance, quality of projects and effectiveness remains high. The evaluation nevertheless recommended that the programmes be more clearly anchored in a European electronic components and systems strategy and that a greater effort was needed to increase coherence and coordination between and within projects, improve project management, and to better measure the impact and success of projects. These recommendations were taken into account in the preparation of the follow-up scheme.

The Ambient Assisted Living joint programme created a critical mass of research and innovation activities with over 120 projects launched, leveraging in total more than EUR 650 million[7]. It also succeeded in attracting strong industrial involvement with notably over 40 % SME-involvement. The 2013 evaluation of the programme also concluded that there is promising evidence of market potential of products and services, emerging from projects. Key recommendations, such as to improve programme metrics and monitoring for better impact assessment and further aligning of the successor instrument with other relevant initiatives, fed into the proposal for the successor programme.

The second mid-term evaluation found that the Risk Sharing Financial Facility (RSFF) under FP7 allowed a substantial increase of investments of businesses in innovation projects and R&D. Additional private investment in research and innovation (i.e. multiplier effect) has been EUR 34.1 billion, above the expected EUR 30 billion. It has proved to be attractive to Research Development and Innovation companies and has met or exceeded its loan volume targets, improved its geographic coverage, and enabled EIB to increase the bank's capacity to make riskier loans. The demand-driven approach taken in implementing the RSFF was valued positively. The evaluation made several recommendations, including the better targeting of innovative midcaps with specific financing products, strengthening the pilot advisory activity and the governance system. Regarding midcaps, the Commission responded by putting more focus on both small midcaps and larger midcaps in Horizon 2020 financing instruments. The pilot advisory activity is also being scaled up considerably under Horizon 2020, and the governance system is being strengthened.

Since 2007, the European Research Council has funded over 4,300 researchers of 64 nationalities and their teams working at just under 600 Host Institutions in 29 countries in the EU and the Associated Countries under FP7. The ERC counts eight Nobel laureates and three Fields Medallists among its grant holders. A total of 134 ERC grantees have received other prestigious international scientific prizes and awards. Over 20,000 articles acknowledging ERC funding have appeared in peer-reviewed high impact journals between 2008 and 2013. Analysis has shown that around 10% of articles acknowledging ERC funding are among the most influential scientific publications in the world (the top 1% most cited), compared to less than 1% for all EU articles. Each ERC grantee employs on average six other researchers, contributing in this way to the training of a new generation of excellent researchers. These indications confirm the high assessment of the scientific quality of the output of this programme and its high added value in comparison with peers.

Marie Skłodowska-Curie actions have supported during the period 2007-2013, as planned, about 50,000 researchers (~ 10,000 PhD candidates) of 136 different nationalities working in more than 81 countries through fellowships and other measures. Impact indicators confirm the targeted upward trend in the number of researchers that are working in the EU. More than 50% of funded projects directly address the major societal challenges defined in the Europe 2020 Strategy (e.g. climate change). All indicators showed progress in attaining programme objectives and all, but one (women participation), were on target

[7] http://ec.europa.eu/digital-agenda/en/news/report-final-evaluation-ambient-assisted-livingjoint-programme

if not over target. An interim evaluation confirmed the high added value of Marie Skłodowska-Curie actions in building international networks between research, academia and business, by providing beneficiary researchers with better career development, by increasing the volume, scope and excellence of research[8]. Indeed, in 2013, two years after their fellowships, an estimated 95% of individual fellows have employment positions, exceeding the set target, and participating fellows reported improvements in their careers. The programme was not only attractive to the top-class universities, but also to innovation leaders from the private sector.

Participation in individual mobility activities under the **Life Long Learning Programme** is in line with or above targets, except for the sub-programme for adult learners (Grundtvig). The Erasmus sub-programme which fosters mobility and cooperation between higher education institutions met its target of three million students in the academic year 2012/2013, with over 250,000 students (+9%), including more than 48,000 placements in enterprises (+18%) in 2013 alone. This accounts for 5% of the annual overall number of European graduates. On a qualitative note, 97% of former Erasmus students consider having studied abroad an advantage on the job market. In 2013, the international cooperation under Erasmus Mundus with non-EU countries contributed to making EU education and research systems more attractive worldwide. Out of the 100 best-ranked EU universities in the Shanghai ranking, 96 (above the target of 93) participated in Erasmus Mundus joint programmes. However, overall participation in the period 2009-2013 is below targets, partially due to scaling down of programmes with the U.S. and Canada in the aftermath of the economic crisis.

The final evaluation of the **CIP** assessed that the programme has become a major vehicle for promoting innovation, particularly as conceived as a relatively open process going beyond the simple focus on technological development towards a more balanced perspective that encompasses developments in the service sector as much as in manufacturing and relates to processes and business models as much as products. The current economic crisis has underlined the significance of CIP's central objectives and the continuous relevance of many of the issues CIP was designed to address, which makes it more urgent to build on ideas that have proven successful and demonstrated effectiveness, such as the financial instruments.

Demand for the CIP financial instruments has been strong from the very start of the programme and the allocated budget has been fully utilised. By September 2013, the guarantee SME facility ('SMEG') provided loans to 275,113 companies and 340 SMEs had used the high growth and innovative SME facility ('GIF'). It seems likely that the target number of beneficiaries will be exceeded and the goal of facilitating access to finance for the start-up and growth of SMEs will have been met. The GIF facility and SMEG loan and micro-credit windows are found to be relevant to the needs of European SMEs since they fulfil a demand for finance which otherwise would not have been met and contribute to the start-up and growth of SMEs. They have a strong leverage effect. For SMEG EUR 1 from

[8] http://ec.europa.eu/dgs/education_culture/more_info/evaluations/index_en.htm

the Union budget resulted in EUR 32 in financing and for GIF EUR 1 resulted in EUR 6.7 in equity investments.

CIP-IEE, EEPR, TEN-T; Marco Polo: Contributing to Sustainable growth (Resource Efficient Europe)

An important leverage effect was also triggered under **CIP through the Intelligent Energy Europe programme** (CIP-IEE). In 2013 those IEE projects aiming to short term impact received EUR 42 million from the programme. As a result, 165,000 tonnes of fossil fuel will be saved yearly, along with almost 500,000 tonnes of CO_2, and nearly EUR 500 million of investment generated. This leverage effect confirms the results of the final evaluation of IEE which found that the programme was relevant and useful, that it responded to the evolving needs, problems and barriers related to sustainable energy issues in Europe, and that overall its actions were of good quality. The evaluation concluded that the programme was a useful instrument that should be continued.

The BUILD UP Skills Initiative – Energy skills for building workers

Thanks to the BUILD UP Skills initiative supported by the CIP Intelligent Energy Europe programme, 30 national project teams (EU 28 + Norway and the Former Yugoslav Republic of Macedonia) gathered more than 1,600 organisations across Europe to define strategies for the training of building workers. According to the initial results, more than 3 million craftsmen would require up-skilling in renewable energy or energy efficiency in Europe to reach the EU 20-20-20 energy objectives. Each national project identified the main barriers for training the workforce and key measures to overcome these barriers. The second phase has now started to support the set-up or upgrade of training schemes in 21 countries.[9]

In 2013, a substantial number of projects, mainly gas and electricity were completed under the **European Energy Programme for Recovery (EEPR).** The EEPR funding of gas and electricity interconnections has contributed to the integration of the internal gas and electricity market, with interconnection capacities having been increased. The programme is highly relevant, with the March 2014 European Council calling for further improvement of interconnections with the more remote and/or less well connected parts of the single market[10]. The EEPR contributed to the first large wind farms being located far from the shore in deep water. The implementation of the programme faced challenges related to the complexity of the technologies involved (especially with regard to offshore wind energy integration into the grid and carbon capture and storage), the lack of public acceptance, issues related to public procurement and access to long-term financing. The carbon capture and storage sub-programme faces major uncertainties which risk undermining its successful implementation. The lessons learned from EEPR implementation were taken into account by the Commission when drafting the new trans-European energy infrastructure Regulation.

The mid-term evaluation of the European Energy Efficiency Fund (the financial facility under the EEPR) found that the facility added value by providing long-term financing, promoting market-based and quality investments and fostering a better understanding of

[9] Source: Executive Agency for Small and Medium-sized Enterprises (EASME).

[10] European Council conclusions of 20/21 March 2014.

the dynamics in the energy efficient market[11]. It also has an important leverage effect. For every EUR 100 of EU funding more than EUR 110 is provided by other investors.

The 2013 mid-term **TEN-T** target of getting seven priority projects operational has been largely met. In addition to five priority projects already in operation, in 2013 the High-speed railway axis Paris-Brussels-Köln-Amsterdam-London became fully operational and significant progress was made on the remaining project, the railway axis Berlin-Verona/Milano-Bologna-Napoli-Messina-Palermo.

Completion of TEN-T Priority Project Two

Priority Axis Number two is Europe’s first cross-border high speed passenger rail project, linking major cities in France, Belgium, Germany, the Netherlands and the United Kingdom. The 'Paris-Brussels-Köln-Amsterdam-London' network offers substantial reductions in journey times between the five countries and therefore provides passengers with a real alternative to air and road transport. It also enables improved connections between some of Europe’s key airports - Brussels, Frankfurt, Cologne/Bonn, Paris Charles de Gaulle and Amsterdam Schiphol. It has been completed with no financial or environmental problems outstanding. The high speed line drastically improved the connection between United Kingdom and the European mainland and significantly reduced journey times between the cities of the most densely populated area of Europe. It also contributes to the promotion of intermodal rail-air journeys, thereby helping to achieve the transport policy objectives of the EU.[12]

In contrast, while delivering substantial modal shift expressed in billions of tonne kilometres, the effectiveness and the take-up of the **Marco Polo Programme** has not been fully satisfactory. Marco Polo I reached 46% of the planned shift[13] and while Marco Polo II projects are still running, it is likely that the final results of the programme will follow a similar pattern. There are multiple reasons for this situation, including the specific design of the programme as well as difficult market circumstances. The programme was designed in a way to protect the public funds and therefore European companies needed to carry main operational risks of the investment themselves. They also considered the programme to be overly complex. Furthermore, since multimodal transport solutions in general associate higher risks and require higher investments than pure road transport, the programme proved to be particularly sensitive to the effects of the economic crisis and the resulting declining transport volumes. Nevertheless, as payments are made on the basis of results achieved, the programme still represents an efficient use of public funds, with an estimated EUR 13 of environmental benefits for EUR 1 invested (final outcome of Marco Polo I). Nevertheless, on balance, given the results delivered by the programme and the evolving transport policy context, this approach to EU funding for freight transport services will be discontinued.

Galileo and GMES-Copernicus: Contributing to Sustainable growth: 'An Industrial Policy for the globalisation era'

Contributing to the flagship 'An Industrial Policy for the Globalisation Era', in 2013, the **European satellite navigation system Galileo and the European earth observation**

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[11] SWD(2013)457 final of 18.11.2013

[12] Source: TEN-TEA agency

[13] COM(2013)278 final of 14.5.2013 and ECA SR 3/.

system GMES-Copernicus progressed from development to operational phase. This is a major step as it will provide the EU with the strategic infrastructure to exploit the estimated huge economic potential of downstream services and applications.

The four Galileo satellites achieved their first autonomous fix. Several ground stations were deployed world-wide. The validation phase of Galileo ended successfully in 2013. While the Galileo ground segment continued to be deployed as planned, difficulties were experienced in the production of satellites. Technical difficulties were encountered by the private constructor and the two launches foreseen in 2013 had to be postponed (i.e. a total of four satellites). This points to the importance of good risk management and better governance of all parties involved. The future launch schedule is being consolidated following the resolution of satellite-specific technical issues.

Concerning GMES-Copernicus, two out of six GMES-Copernicus services became fully operational for earth monitoring (emergency management and land monitoring). Data for emergency services and land monitoring is now available free of charge to GMES users. A 2013 interim evaluation assessing GMES initial operations (GIO) found that although only two services could be developed due to budgetary limitations, GIO appears to be an effective mechanism for developing fully operational services[14], with GMES demonstrating EU added value by delivering outputs that could not be achieved at purely national level.

In 2013, GMES delivered valuable services to the rescue teams involved in the floods in Germany, the Czech Republic and Hungary, as well as in the forest fires in Portugal.

Operational aspects of performance

Different aspects of FP7 programme implementation have been examined.

The benefits of outsourcing FP7 implementation to agencies were noted in two evaluations. The evaluation on the functioning of the European Research Council Executive Agency (ERCEA) estimated the savings resulting from the delegation of tasks to the ERCEA at EUR 45 million over the period 2009-2012. The evaluation of the Research Executive Agency confirmed savings in the order of EUR 106.4 million over the period 2009-2012.

Furthermore, performance feedback as to whether the Commission ensured efficient implementation of the FP7 became available in a special report by the European Court of Auditors[15]. The Court concluded that the Commission has taken a number of steps to simplify the rules but more can be done and some aspects of FP7 implementation are affected by a lack of coherence. It found that attention has focused mostly on ensuring high-quality spending and less on efficiency. It noted that processes should be shortened further, and although time to grant (i.e. to sign contracts) is decreasing, there have been differences between services during the first five years of FP7. The Court's recommendations were all accepted by the Commission and most of them have been taken on board in the preparation of the successor of FP7. For example, in order to ensure a consistent delivery of FP7, and to help coordinate and deliver Horizon 2020, a Common

[14] http://ec.europa.eu/enterprise/dg/evaluation/reports_en.htm
[15] European Court of Auditors (ECA) Special Report (SR) 2/2013.

Support Centre has been set up, which aims to provide high quality services in legal support, ex-post audit, IT systems and operations, business processes, programme information and data to all research DGs, executive agencies and joint undertakings (JUs) implementing Horizon 2020. A common representative sample of ex-post controls has been implemented covering all parts of FP7.

2.1.2. COHESION FOR GROWTH AND EMPLOYMENT (budget heading 1B)

Programme objectives and Europe 2020

'Cohesion for growth and employment' covers the Structural Funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF), as well as the Cohesion Fund (CF). With its allocation of EUR 349 billion cohesion policy represents 36 % of the Union's budget over the 2007-2013 period and is one of the most visible EU financing instruments designed to make a significant contribution to employment and growth in Europe. With over EUR 270 billion the ERDF and the CF account for close to 80% of the total budget under this budgetary heading, whereas the ESF allocation is approximately EUR 75 billion.

The three funds, all under shared management, are delivered through programmes managed at national or regional level. These Funds contribute to all the Europe 2020 objectives.

One of the key objectives of the **ERDF assistance** was to improve the efficiency of enterprises through helping them to invest in new machinery and equipment or to develop new products. The ERDF was also used in many parts of the EU to support the use of ICT by SMEs, the introduction of digital means of accessing public services and investment in broadband to improve access to the internet, or in some cases to provide access where none existed before.

The **ERDF and the CF** also continued to provide support to major investment fields such as developing transport and environment infrastructure, as well as promoting energy and resource efficiency.

Among the main areas of **ESF assistance** is the labour market integration where Member States have relied on the ESF to support active labour market policies (ALMP). In the EU-12, where ALMP budgets are low (below 0.5% of GDP), ESF spending on ALMP represents more than half of the total ALMP funding (54.1% 2007-2010).

Many Member States also focused their ESF activities on business start-ups by unemployed and people from disadvantaged groups, as well as on the sustainability and quality of work of self-employed business owners and micro-entrepreneurs. 17 Member States have included entrepreneurship as a priority in their operational programmes in the 2007-2013 programming period.

In line with its commitment to target support from structural funds to the Europe 2020 flagship 'European Platform against poverty and social exclusion', the Commission has earmarked 20% of the ESF to the goal of reducing poverty and social exclusion by at least

20 million by 2020. However, as confirmed by the Commission's stock-taking of the progress in Europe 2020, meeting this target will be challenging given that the number of people at risk of poverty and social exclusion in the EU (comprising people at risk of financial poverty, experiencing material deprivation or living in jobless households) increased from 114 million in 2009 to 124 million in 2012[16].

Programme performance

According to national reports on the implementation of cohesion policy programmes Structural Funds have been a key tool in preserving employment and containing unemployment.

ERDF interventions helped to create jobs, mainly through **support for research, innovation and SMEs.** Monitoring data shows that an estimated 594,000 additional jobs were created from 2007 to 2012. The largest number of reported new jobs was in Germany, the UK, Hungary, Spain, Italy, and Poland[17]. A wide range of ERDF measures have been implemented across the EU to **support enterprises and their innovation capacities.** Evaluation results suggest that enterprise support is the main source of job creation among all interventions co-financed by the ERDF[18]. According to the most recent national annual implementation reports nearly 200,000 enterprises, among which nearly 80,000 new enterprises, have received ERDF support by the end of 2012 with over 260,000 jobs created in SMEs[19].

Up to the end of 2012, the ERDF **investments in ICT** had led to over 5 million additional people gaining access to broadband, around half of them in less developed regions. This contributes to reducing the digital divide which is still relatively wide in a number of countries, especially in the EU-12 and southern EU-15 Member States.

Member States report progress in implementation of **Cohesion Fund and ERDF infrastructure investments** but outputs are below target in relation to most **transport and environmental infrastructure projects,** especially for the EU-12.

Example of achievement in Estonia: Improvements in the rail network co-financed by the EU led to a 31% reduction in travel time on parts of the network up to the end of 2012, the aim being to reduce it further, to 45% by the end of 2015[20].

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[16] COM(2014) 130 final/2 of 19.03.2014

[17] http://ec.europa.eu/regional_policy/impact/index_en.cfm#1

[18] See Synthesis report by the Expert Evaluation Network "Job creation as an indicator of outcomes in ERDF programmes":
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/job_creation/evalnet_task1_job_creation_synthesis.pdf

[19] http://ec.europa.eu/regional_policy/impact/index_en.cfm#1

[20] See Synthesis of National Reports 2013 "Expert evaluation network on the performance of Cohesion policy 2007-2013":
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/2013_een_task2_synthesis_final.pdf

In the transport sector approximately EUR 42 billion has been programmed in 2007-2013 for road infrastructure, including TEN-T and national, regional and local roads. For rail infrastructure around EUR 23 billion was programmed, including TEN-T projects. As a result of the considerable financing made available there have been some significant outcomes, especially in the form of improvements in existing railway lines with over 2,300 km of railway lines having been reconstructed or upgraded. More than 30,000 km of roads have also been reconstructed. However, the construction of new railway lines is seriously lagging behind in Cohesion Fund countries with only 59 km out of 253 km completed so far. Difficulties have been identified in terms of poor project development, limited administrative capacity, implementation difficulties and delays in Poland, procurement problems in Romania and Slovenia, as well as long spatial planning procedures in Slovenia.

In the environment sector where the programme allocations for the 2007-2013 period are close to EUR 50 billion, delays in project implementation have been experienced in many Member States, especially where investments are managed at municipal level. The most common problems are linked to public procurement, planning procedures and limited capacity to manage projects, as well as, in some cases, lack of co-financing due to the ongoing economic downturn. Difficulties have been noted particularly in Bulgaria, where the reimbursement rate in the water sector only reached 11%, which means that the targets will be substantially missed, and in Romania. In order to address these shortcomings, the Commission has requested serious sector and organisational reforms, encouraging the use of all the technical assistance resources available from the various International Financial Institutions.

Examples of achievements:

Italy: Projects co-financed by the ERDF resulted in wastewater treatment being improved for over 1 million people, or around 13% of the total population in Convergence regions and nearly 40% of that in Sicily and Basilicata, where most of the investment took place.

Malta: The South Sewage Treatment Plant built with the aid of EU funding, which is capable of treating 80% of the sewage generated on the island, led to the status of coastal waters in the south of the country being raised from Class 3 to Class 1 and to Malta becoming the first Mediterranean country to treat all wastewater before it is discharged into the sea.

In the **energy sector,** where ERDF-CF programme allocations of about EUR 4.5 billion for the 2007-2013 period have been made for projects in renewable energies (wind, solar, biomass, hydroelectric and geothermal), the additional capacity to produce electricity from renewables was already increased by 2 400 MW by end 2012. In addition, energy efficiency investments of around EUR 6 billion in apartment blocks and public buildings are programmed and evaluation evidence on their effectiveness is due to become available by the end of 2015.

Example of achievement in Austria: Projects supported led to generating capacity in 55 plants using biofuels being increased by 89 MW, or 20%, resulting in a potential reduction in greenhouse gas emissions equivalent to CO2 produced by around 33,000 cars.

The ERDF also delivers investments in **social infrastructure** in areas such as education, health, childcare and housing, which complement the "soft" measures funded by the ESF. In the new Member States the ERDF social infrastructure investment in many cases is the only resource for modernising and reforming the public services, while in the EU-15 it is generally an additional resource.

A large part of **ESF investment** in the 2007-2013 period aims at promoting **access to employment** – close to EUR 23 billion has been programmed for this purpose. Evaluation findings[21] from those robust evaluations which are available demonstrate that significant net differences in terms of employment and unemployment are associated with the ESF interventions. For example, individuals in ESF-supported interventions have been found to be more likely to find employment than control groups – with some evidence that this effect is more marked for more disadvantaged groups of people. National implementation reports indicate that 2.4 million people who have participated in ESF supported operations found a job within 6 months of completing the intervention. It is estimated that by the end of December 2012 in total over 5.7 million job entries were linked to ESF support. A number of evaluations also highlight the 'soft' results associated with ESF access to employment interventions, including empowerment of individuals in job search and motivation to enter the job market.

The final report by the ESF Expert Evaluation Network on ESF achievements 2007-2013 reports that significant results have also been achieved in relation to **new enterprises started and people going into self-employment** in some Member States, with almost 550,000 achievements in this respect. In the policy field focused specifically on **increasing adaptability,** over 13.1 million participations have been recorded, with those related to employees the most substantial group at over 8.5 million – of which almost 847,000 participations concerned the self-employed, demonstrating the importance of the ESF support for start-up enterprises within the adaptability policy field where some EUR 13 billion has been programmed for increasing the adaptability of workers, firms, enterprises and entrepreneurs in the 2007-2013 period.

In most Member States **young people** benefit more than proportionately from ESF support - more than 30% of all ESF participations; more than 50% in Germany, and close to 40% in Hungary, France and Denmark. In contrast, the figure is 15% or less in Sweden, Portugal and Cyprus, reflecting national policy decisions.

Evaluations point out that ESF beneficiaries valued the service or support they had received and there is evidence that ESF interventions to **support human resources** in enterprises confronting redundancies, or downsizing more generally, have helped stabilise employment levels in these entities. However, despite significant investment in up-skilling and providing qualifications for existing employees, there is no evidence of the effects on productivity within each enterprise, or the positive benefit for their own earnings and job mobility.

ESF interventions have also supported **social inclusion policies** (introducing active inclusion strategies, social investment approaches and a more efficient and effective use of social budgets) with a view to helping those groups with less easy access to the labour market (e.g. young people, single-parents, migrants, and older people). The ESF has also funded social services development, targeting better quality and accessibility for disadvantaged groups, for example in Latvia, Romania and Spain. In 2007-2013 some

[21] ESF Expert Evaluation Network - Final synthesis report on main ESF achievements, 2007-2013

EUR 13 billion from the ESF has been targeted to improving the social inclusion of less favoured persons. Although most ESF Expert Evaluation Network country reports rated the performance of EU financing in the social inclusion policy field as the least performing, job entry numbers linked to social inclusion interventions are substantial with over 164,000 recorded (most of which in Spain). This is an area of EU funding in which it is particularly difficult clearly to identify the extent to which financed actions contribute to overall policy objectives. The areas of social inclusion and education are mainly national competence and the focus of investments in social inclusion varies per Member State, which complicates identification of the added value of the intervention.

Overall, the 2007-2013 cohesion policy programmes are expected to continue to deliver job creation and smart, sustainable and inclusive growth until at least the end of 2015. As for other programmes in the past MFF period, the ex-post evaluation of the performance of the programmes has yet to come, in this case being due to be completed by the end of 2015. Only then will it be possible to provide a clearer overview of the contributions made by the programmes to their overall objectives.

Operational aspects of performance

Since the start of the economic downturn the Commission has taken a series of measures to speed up the implementation of cohesion policy to ensure that all resources are fully mobilised to support Member State and regional recovery efforts, as well as to align the EU co-financed interventions with the objectives of the Europe 2020 Strategy. Two important types of modification to the original programming plans have been made in recent years – thematic reprogramming and targeted reductions in national co-financing requirements.

More than EUR 45 billion – or 13% of the total funds – was **reprogrammed** from one thematic area to another by the end of 2013 to support the most pressing needs and strengthen certain interventions. In terms of the investment themes, the changes have brought about increases for innovation and R&D, generic business support, sustainable energy, social infrastructure, roads and the labour market, including youth employment. These changes are coherent with the Europe 2020 strategy and respond to the need for increased focus of EU financing instruments on these subjects.

In addition, the Commission approved **reductions in national co-financing** requirements for some Member States (ES, GR, IE, IT, LT, and PT and to a lesser extent BE, FR and UK) in 2011-2012. This has reduced the national public spending requirement from EUR 143 billion to EUR 118 billion, i.e. a reduction of 18% and was done in recognition that national budgets were under stress and that by alleviating the burden on national finance the investments already started could be substantially completed.

To further increase the added value of EU funding and demonstrate more visible results the Commission has also worked to promote and facilitate the **integrated use of ESF and ERDF investments.** Several Member States have already decided to apply the integrated approach in key social inclusion areas such as the transition from institutional to community-based care for children, as well as the integration of marginalised communities, such as the Roma.

Furthermore, the Commission followed up key recommendations from four thematic special reports of the European Court of Auditors relating to areas of intervention of

ERDF/CF programmes, namely energy efficiency, municipal waste management infrastructure projects, regeneration of industrial and military brownfield sites and roads.[22] All four reports concluded that expected outputs were achieved and that the projects were implemented as foreseen, but with some delays and cost overruns. The recommendations of the Court identified the need for a stronger focus on effectiveness, efficiency and economy of projects when establishing investment priorities; stronger needs analysis in project selection; and improved and transparent performance indicators. The 2014-2020 legislative framework enables the Commission to apply some of the key recommendations of the Court, namely: a stronger result-oriented focus for co-funded programmes with a link between the Common Strategic Framework key actions and country-specific recommendations under the European Semester; provision of partnership agreements with Member States that will include an analysis of disparities and development needs; ex-ante conditionalities; and annual reporting on output indicators at priority axis level based on the common definition of indicators.

2.1.3. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES (budget heading 2)

Programme objectives and Europe 2020

The second budgetary heading covers agricultural, rural development, fisheries and environmental support and accounted for 43 % of the EU’s expenditures in the 2007-2013 period. Most of the resources (34 % of total EU expenditure) are allocated to the direct support for farmers under the Common Agricultural Policy (CAP). The European Fisheries Fund is the key instrument financing the common fisheries policy. Dedicated environmental funding is provided through the LIFE+ instrument.

The Common Agricultural Policy (CAP) aims to promote smart, sustainable and inclusive growth for EU agriculture and rural areas in line with the Europe 2020 strategy. It is composed of two strands or 'pillars': 1) market-related expenditure and direct payments to farmers and 2) rural development.

The aim of the **common fisheries policy (CFP)** is to ensure that fishing and aquaculture activities are environmentally sustainable in the long term and are managed in a way that is consistent with the objectives of achieving economic, social and employment benefits, and of contributing to the availability of food supplies. Through the European Fisheries Fund (EFF) the EU provides financial support to the fisheries sector (including all activities of production, processing and marketing of fisheries and aquaculture products) and for the sustainable development of fisheries-dependant areas.

With a budget of approximately EUR 300 million a year, **LIFE+** funded projects aim to test innovative or demonstrate new approaches or to apply best practice to solving environmental and climate change related problems. Supporting the Europe 2020 Strategy the Nature and Biodiversity strand of the programme promotes actions that contribute to

[22] SR20/2012; SR21/2012; SR23/2012; SR5/2013

halting and, where possible, reversing biodiversity loss while its Environment strand contributes to a resource efficient, climate friendly economy, offering business - SMEs in particular - an opportunity to test new techniques and methodologies before introducing them in the production chain. The Information strand co-finances projects relating to communication and awareness-raising campaigns on environmental, nature protection or biodiversity conservation issues.

Programme performance

Data shows that **direct aids to farmers** (under the **first CAP pillar**) stabilise farm incomes and thus contribute to the economic viability of farms. Direct payments on average accounted for almost half of family farm income in 2012 (48%). Although in 2013 the EU-28 real agricultural income per worker decreased by 1.3%, it has increased by around 30% over the previous ten years. The decrease in 2013 is mainly due to the higher increase in real terms in the purchase prices of the means of agricultural production (+0.7%), while prices obtained on sales of agricultural products have remained stable.

The CAP reforms since 1992 have enhanced the market orientation of EU agriculture and reduced the expenditure on export refunds and public intervention. The proportion of subsidised exports to total exports has decreased from 1.9% in 2007 to 0.1% in 2012. The value of trade flows in agricultural products between the EU and the rest of the world has increased from EUR 80 billion in 2008 to over EUR 120 billion in 2013.

A number of evaluations were carried out in 2013 on different elements of the CAP.

The evaluations on the impacts of the European School Milk Scheme[23] and on the CAP measures for the apiculture sector (beekeeping)[24] confirmed the adequacy of the applied instruments for achieving the policy objectives, as well as the EU added value with some recommendations for further improvements with regard to the complementarity with related schemes and initiatives. The School Milk Scheme (SMS) was assessed as an adequate tool for increasing the milk consumption of children and in this way improving their eating habits. Most Member States indicated that the scheme was the main driver for launching and implementing a school milk scheme in their countries. As regards the apiculture measures, the evaluation concluded that they have contributed positively to the productivity and earnings of beekeepers, as well as to stabilising honey production levels in the EU in a context of rising production costs, threats to bee survival and strong international competition from third countries.

The evaluation of the structural effects of direct support[25] assessed how the changes introduced by the 2003 reform, involving the decoupling of support from production, affected such aspects as labour, capital and business strategies of European farms. The

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[23] http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/school-milk-scheme-2013_en.htm

[24] http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/apiculture-2013_en.htm

[25] http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/structural-effects-direct-support-2013_en.htm

evaluation revealed indirect effects such as the increases in the economic size of the farms and increased specialisation. In addition, decoupling has stimulated a change of focus to production with higher profitability. The evaluation concluded that the reform and in particular decoupling of support may have contributed, together with other factors, to reduced labour use intensity.

The synthesis of national and regional mid-term evaluations[26] published in 2013 measured the progress and impact of **rural development measures (**under the **second CAP pillar)** in 2007-2013. It was based on evaluations carried out by Member states in 2010 and concluded that the uptake of the rural development measures has been slower than expected with smooth implementation reported for relatively few measures. Measures with less technical requirements and most continuity from the preceding period were the quickest to be implemented. The economic, environmental and social/quality-of-life impact of the rural development measures was also assessed but it was difficult to make a reliable judgement regarding the overall impacts as programme implementation is still to continue until the end of 2015. In terms of economic impacts, roughly two thirds of the reports identified a net positive impact on growth and employment creation. Positive environmental impacts were inferred in some reports but the impacts of rural development programmes on the environment are rarely quantified. Quality of life actions were valued highly in rural communities but proved difficult to measure.

Since programme implementation continues until the end of 2015, it will only be possible to provide a clear overview of the contributions made by the rural development measures when the synthesis of the national and regional rural development ex-post evaluations 2007-2013 is completed (in 2017). The mid-term evaluations came out too early in the life cycle of the programmes to support already a reliable overall assessment on RDP impacts and performance. They do however provide information on programme implementation.

At this stage, the available data on the progress of the Rural Development programme shows an incomplete picture. For example, 83 million people in rural areas have so far benefited from improved services supported by the programme (94% of the target). 34,000 villages have been renewed with support, exceeding the final target of 27,000 for the end of the period. On the other hand, although the available reports mention that 45,000 jobs have been created under rural development measures, this represents 19% of the final target; similarly 36,000 out of 77,000 planned micro-enterprises have been supported so far[27].

In the area of the **Common Fisheries Policy (CFP)** permanent cessation of fishing activities is the main tool to ensure balance between fishing capacity and resources. More than 4,000 vessels were scrapped with financing from the European Fisheries Fund (EFF)

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[26] http://ec.europa.eu/agriculture/evaluation/rural-development-reports/synthesis-mte-2007-2013_en.htm
[27] Cumulated monitoring data 2007-2012 from the rural development Annual Progress Reports 2012

between January 2007 and May 2013[28], which contributed to the significant reduction of the fleet. However, a retrospective evaluation of scrapping and temporary cessation measures under the EFF highlighted the lack of effectiveness and efficiency of current scrapping programmes in balancing EU fishing fleets and resources[29]. As to temporary cessation schemes, the evaluation concluded that public funding has been more useful in ensuring the political acceptability of the schemes than in actually reducing the amount of fishing.

EFF Support to aquaculture and to processing of fisheries and aquaculture products is very significant. Together they represent close to one third of EFF commitments. Both sectors are profitable, although in terms of volume EU aquaculture production is not increasing. As regards processing, both the volume and value of production are increasing.

The employment in aquaculture is stable in terms of full time equivalent jobs. Part time jobs are being replaced by more permanent full time jobs. This explains why the contribution of the EFF to job creation appears limited, although these are important developments for the employees concerned. In addition, EU aquaculture is getting increasingly capital-intensive and public support under the EFF is accompanying this process. As regards processing, the impact of the EFF on jobs is modest - more than 3,400 jobs have been created between 2007 and 2010[30].

EFF financial support for fisheries-dependent communities is implemented by Fisheries Local Action Groups (FLAGs). A recent study estimates that they have created at least 7,300 jobs in the period 2010-2013 whilst a further 12,500 jobs have been preserved. More than 200 new companies have been created.

Example: FLAG projects giving economic boost to the regions' traditional fishing businesses

The "Fisch vom Kutter" is a small-scale innovative project covering 21 fishing companies from the Baltic Sea Coast Active Region. With EFF support they have set up a direct sales system for fish from the region. Making use of a dynamic website the fishermen at sea send details of their catch and estimated landing time via SMS to the website. It allows customers to see where, when and which fresh fish they can buy directly from the boat when it arrives to the port. Fishermen involved observe higher prices for their fish. Some of the fishing companies have also created additional activities by expanding their product range (e.g. smoking and cooking part of the catch) and report 30 to 50% more customers.

Ex-post evaluations of the **LIFE instrument** at project level showed that the LIFE Nature programme has been proven to be highly relevant in supporting EU nature conservation policy, in particular the implementation of the Birds and Habitats directives and the Natura 2000 network. Nature projects actions are generally effective and their impact and sustainability is high. Thanks to LIFE Nature projects the population of the world's most

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[28] Information provided by Members states on request to the Commission in accordance with article 40 of Commission Regulation (EC) No 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund

[29] http://ec.europa.eu/fisheries/documentation/studies/cessation/index_en.htm

[30] http://ec.europa.eu/fisheries/documentation/studies/eff_evaluation/eff_evaluation_synthesis_en.pdf

endangered feline species, the Iberian lynx, has tripled in Spain and the way is being paved for its reintroduction in Portugal. In addition, 13,000 ha of land have been secured for nature conservation.

Under the environmental strand of LIFE, projects such as 'Icarre 95' have demonstrated the potential of true cradle to cradle production methods by which stimulating the efficient use of recyclable materials in industrial production will be implemented in the future. Other projects like for example 'From Roof to Road' helped developing a resource efficient business, in this case: using bitumen from old roofs to surface roads. As to the information strand of the programme, the final evaluation of LIFE+ confirmed that the programme also played a significant role in increasing awareness, good governance and public participation in EU environment matters.

Operational aspects of performance

In the areas of preservation and management of natural resources the European Court of Auditors issued a number of special reports relating to issues of programme design and implementation.

The findings and recommendations of the Court in relation to coupled direct payments have been taken into account in the 2014-2020 programmes. As an exception of the general CAP principle of payments whereby aid is decoupled from farm production levels, Member States can to a limited extent and under certain conditions still provide coupled payments. The European Court of Auditors (SR 10/2013) criticised that the Member States were given too much discretion in introducing coupled direct payments. The Member States did not provide sufficient evidence to show that the measures introduced were necessary and relevant and the monitoring framework (objectives and indicators) were not sufficient to properly assess these measures in the future. For the 2014-2020 period the Commission foresees the establishment of a common monitoring and evaluation framework for both CAP pillars with a view to measuring better the performance of the policy.

In the design of its proposals for the rural development policy in the 2014-2020 period, the Commission took account of the Court's criticism related to the performance of EU co-financed rural development measures under the second pillar of the CAP.[31] A recurrent criticism was that the selection of projects by the Member States was often focussing more on spending the allocated budget than on the quality of the projects to achieve the results. The Court also found that the objectives of rural development expenditure were not sufficiently clear and that there was insufficient information on and reporting of the results achieved to demonstrate the extent to which the objectives set have been met and that the EU's budget has been spent effectively and efficiently. The Court also pointed out that the available monitoring and evaluation information had not been used sufficiently to improve the efficiency and effectiveness of the rural development expenditure. In particular, on the rural development support for the improvement of the economic value of forests, the Court found weaknesses in the design of the measure and concluded that

[31] SR1/2013; SR6/2013; SR8/2013; SR12/2013

only a few of the audited projects did improve significantly the economic value of the forests.

The Commission also took deficiencies identified by the Court into account when designing the environment component of the new LIFE programme[32]. The Court found that the environmental strand of the LIFE+ programme was not sufficiently well designed and implemented. The main problems were related to the quality of the project selection process and the lack of appropriate indicators. In response, the new LIFE programme aims at being better structured, more strategic, simplified and more flexible. It will select projects that demonstrate best practices and innovative or demonstrative approaches to add value at the European level. Indicative national allocations will be entirely abandoned as of 2018. With a view to providing better information on the programme results and impacts in the future a set of performance indicators has been included in the new LIFE Regulation, which is completed in the LIFE multiannual work programme for 2014-2017 by outcome indicators per priority area, and, where relevant, by thematic priority.

2.1.4. FREEDOM, SECURITY AND JUSTICE (budget heading 3A)

Programme objectives and Europe 2020

This budget heading accounts for 0.8% of the total 2007-2013 multiannual framework. In 2013 the financial support to this policy area was EUR 1.45 billion in commitments.

The heading covers financial programmes supporting the different dimensions of the Commission's policy in the field of migration, asylum and borders, the fight against crime and terrorism, and policy in the area of justice.

In the field of migration, asylum and borders, the General Programme "Solidarity and Management of Migration Flows" (SOLID) allocated almost EUR 4 billion for the period 2007–2013 to ensure the fair sharing of responsibilities between EU countries for the financial burden that arises from the integrated management of the Union's external borders and from the implementation of common asylum and immigration policies.

Under this general programme the European Fund for the Integration of third-country nationals (EIF) is the instrument most directly linked to the Europe 2020 headline target of increasing the employment rate of women and men aged 20-64 to 75%, including through better integration of legal migrants. By supporting activities such as language and civic-orientation courses, capacity building and exchanges between Member States, the EIF aims at gradually reducing the gap in terms of employment rates between non-EU nationals and EU nationals. It complements the European Social Fund.

The Framework Programme "Security and Safeguarding Liberties" promotes effective European **cross-border cooperation in the fight against crime and terrorism** and improved crime prevention. The Prevention of and Fight against Crime Programme (ISEC), with a budget of EUR 600 million for the 2007–2013 period, aimed at preventing and

[32] SR 15/2013

combating crime (terrorism, human trafficking, child abuse, cybercrime, illicit drug and arms trafficking, corruption and fraud).

In the area of justice, six programmes related to civil justice, criminal justice, fundamental rights and citizenship, combating violence against children, young people and women (Daphne), antidiscrimination and gender equality (Progress), and drug control policy were aimed at contributing inter alia to the Europe 2020 headline target of increasing the employment rate of the people in their active age to 75%. Examples include funding for specific actions to address the gender pay gap and to promote gender equality in economic decision-making, as well as funding in the area of non-discrimination and Roma integration.

Programme performance

In 2013 all the programmes under this budget heading were implemented as foreseen with close to 100% budget consumption rates reported.

In the field of migration, asylum and borders, the European Return Fund (within the SOLID programme) has supported returnees' to return to their country of origin voluntarily. The number of voluntary returns increased. In 2012 there were 41.1% voluntary returns (out of the total number of returns) compared to 38.4% in 2011.The financial support of the programme contributed to this increase as in some countries the programme fostered the introduction of voluntary return schemes which did not exist before.

The European Refugee Fund (ERF, also under the SOLID programme) supports Member States in receiving, and in bearing the consequences of receiving, asylum seekers and beneficiaries of international protection. Recent data show that there is an increased use of EU financing by Member States seeking improved reception capacities and successful integration of beneficiaries of international protection on their territories. Moreover, the ERF is also used to support Member States in their efforts to resettle refugees: in 2013 Member States pledged to resettle over 3,900 persons under the ERF compared to close to 3,000 in 2012.

The potential of the SOLID programme to show results has been limited by the economic downturn. This is confirmed by the latest available data showing that the difference in employment rates between non-EU nationals and EU nationals has remained fairly stable in the last five years and that the employment rate for citizens of another EU Member State remains significantly higher (65.1 %) than that for third country nationals (53.9 %)[33]

In the field of fight against crime and terrorism, EU funding has been instrumental in facilitating the cooperation among law enforcement agencies and other bodies. For example, regular funding has been provided to the activities of the global network of asset recovery experts, including US experts (CARIN Network of practitioners). Management of confiscated assets and reuse of former criminal assets for social purposes are among the innovative projects supported by the Commission.

[33] Eurostat database March 2014

An example of financing in the area of Home Affairs: ERF support to Member States facing a sudden arrival of a large number of third-country nationals who may be in need of international protection.

In the course of late summer and autumn 2013, Bulgaria faced unprecedented inflow of migrants and asylum-seekers, placing exceptionally heavy and urgent demands on its asylum system. The Bulgarian asylum system, designed with a reception capacity of about 1,250 persons per year, could not cope with the more than 7,000 applications for international protection. Bulgarian authorities subsequently requested EU support in the form of ERF Emergency Measures. With this funding Bulgaria has, within the 6 months foreseen for the duration of emergency support under the ERF, significantly increased and improved the capacity of its asylum system to provide adequate levels of accommodation to asylum-seekers and to enlarge the capacity to process requests for international protection. Bulgaria has also received support from the Return Fund and the External Borders Fund in that context.

In the **justice area**, the activities supported through spending programmes follow closely the evolving EU policy on justice, aiming to build a European area of justice for the benefit of everyone. More and more legal professionals in the EU receive training on EU law or law of another Member State. The European Judicial Training Network plays an essential role in the training of judges. To help create conditions for equal participation for women in the labour market, to increase access to justice, to protect rights of and provide support to children, Roma, victims of violence, victims of crime, in 2013 the Commission continued supporting projects in the Member States in these areas. In this regard, transnational networks such as the European Network of Equality Bodies-EQUINET, the European Women's Lobby, Missing Children Europe, Victim Support Europe, the Notaries of Europe, European Digital Rights received operating grants. Evaluation evidence on the achievements of the financed measures in the justice field is currently being gathered and is planned to be available at the end of 2014.

An example of financing in the area of Justice: ECRIS (European Criminal Records Information System) – EU support facilitating the efficient exchange of information on criminal convictions between Member States

ECRIS was established in April 2012 with the help of the Criminal Justice Programme. The system gives judges and prosecutors easy access to comprehensive information on the offending history of any EU citizen, no matter in which EU countries that person has been convicted in the past. Through removing the possibility for offenders to escape their criminal past simply by moving from one EU country to another, the system can also serve to prevent crime. For example, in 2013, reporting on its project results, the National Police of Ireland confirmed that ECRIS has helped to maximise the accuracy and integrity of its criminal records data also allowing the country to provide better information to other Member States.

There are no specific operational aspects related to programme implementation or performance reports from the European Court of Auditors from 2013 to report on.

2.1.5. CITIZENSHIP (budget heading 3B)

Programme objectives and Europe 2020

Expenditure under the "Citizenship" heading contributes to Europe 2020 smart growth priority. Contributing to the flagship 'Youth on the Move', **the Youth in Action Programme** (YiA; 2013 spending EUR 148 million) aims at giving young people more opportunities through non-formal learning experiences with a European dimension.

Funding for **consumer protection and health** is also provided. In the consumer field, in 2013 the Commission supported EU-level consumer organisations so that consumers' interests would be adequately represented at EU level.

The **Culture Programme** accounted for spending of EUR 61 million in 2013 providing co-funding for cultural activities at the European level including transnational cultural cooperation projects, literary translations and support for cultural bodies of European interest.

The **MEDIA 2007 Programme and the MEDIA Mundus Programme** (2013 spending EUR 116.5 million) help strengthening the competitiveness of the European audio-visual sector by facilitating access to financing, promoting use of digital technologies and enhancing the global cooperation between EU and non-European professionals.

The **Europe for Citizens programme**, aims to encourage interaction between European citizens, to enhance tolerance and mutual understanding between them, and to bring Europe closer to its citizens by promoting Europe's values and achievements, while preserving the memory of its past.

Programme performance

Contributing to the flagship "Youth on the Move", in 2013, **YiA** has confirmed its attractiveness to its target population by supporting an ever greater number of young people and youth workers with close to 1 million participants since 2007. It has contributed to the effective recognition of non-formal learning with 265,000 "Youthpasses" - the YiA learning opportunities certificate - delivered since 2007. According to the 2013 survey on the impact of Youthpass, approximately 80% of Youth in Action participants agreed that Youthpass has increased the usefulness of projects funded in certifying their non-formal learning outcomes. According to the latest available data from monitoring survey, 67% of participants believe that their job chances have increased thanks to their YiA experience.

An evaluation of the 2007-2011 EU financial contribution under the **Consumer Programme** to two EU level organisations - “The European Association for the Coordination of Consumer Representation in Standardisation” (ANEC) and “The European Consumer Organisation” (BEUC) – found that these organisations had made significant contributions to the representation of consumer interests and ensured coherent consumer organisation input at EU level and better dialogue between the different stakeholders.

EU financial support was also provided under the consumer programme for carrying out joint market surveillance actions between Member States focusing on product testing, risk assessment, market monitoring, and the exchange of expertise and best practices. In 2013 19 EU countries finalised such joint enforcement projects on a number of areas like for example on children’s costumes and food imitation products.

As regards public health, the 2011 mid-term evaluation of the **Health Programme**[34] suggests that the majority of actions funded have had EU wide effects. The evidence collected shows that the EU added value of the programme appears mostly in areas such as exchange of knowledge and networking between health professionals in different EU countries, *inter alia* FI, IT, LT, NL and DE, on issues such as health information and

[34] http://ec.europa.eu/health/programme/docs/mthp_final_report_oct2011_en.pdf

indicators, health promotion (e.g. linked to HIV/AIDS and the safety of blood, tissues, cells and organs) and health security (e.g. the European Health Risk Assessment Network on Electromagnetic Fields Exposure). The evaluation also allowed the validation of seven EU added value criteria that have been extensively used to prioritise the areas of actions of the new 2014-2020 programme. As a consequence, the new programme is more focused on the link between health and the objectives of Europe 2020. A final evaluation of the 2008-2013 programme was launched at the beginning of 2014 and its results will be available in 2015.

The **Culture Programme** was implemented according to plan, including major related dissemination actions and third country cooperation with a focus on Australia and Canada. As a result of funding, it was estimated that a few thousand artists/cultural workers had been mobile, several thousand cultural works had been circulated and some 1,900 organisations were involved in 2012, either as co-ordinators or co-organisers with a strong focus on intercultural dialogue.

The **MEDIA and MEDIA Mundus programme** activities were implemented according to their work programmes in 2013. One Euro invested from the MEDIA 2007 programme triggered the generation of six Euros from private financing sources, culminating in a multiplier of 14 in the funding of cinema network. The MEDIA Production Guarantee Fund is operational in nine countries. Support for the digitisation of targeted independent cinema operators who screen a majority of European films has continued with 200 screens (+44) supported in year 2013. As confirmed by its interim evaluation, the MEDIA 2007 Programme has achieved its main objective to improve the competitiveness of the European film industry and it contributes substantially to the promotion of cultural diversity in Europe. Films supported by MEDIA have above-average success rates in top-rated festivals. In 2013, while two MEDIA backed films won 2013 Oscars, out of the 13 films supported by MEDIA at the Cannes International Film Festival three films were among the winners.

A study[35] measuring the impact of the **Europe for Citizen programme** was completed in May 2013. Generally speaking respondents were highly positive about the effects of their participation on their awareness and overall understanding about life of people in other European countries. 89.1% feel more aware of European culture, identity and heritage, 88.2% feel more solidarity with other Europeans, and 77.5% feels more European. Compared to the previous study of 2009, results were more positive in 2013, showing the increased effectiveness of the programme.

There are no specific operational aspects related to programme implementation or performance reports from the European Court of Auditors in 2013 to report on.

2.2. THE UNION'S EXTERNAL POLICIES (BUDGET HEADING 4)

Programme objectives and strategic external aid policy goals

[35] http://ec.europa.eu/citizenship/pdf/final_report_efc_may_2013_eurevalppmi.pdf

In 2013 global instability, as measured by the number of conflicts (encompassing disputes, nonviolent crises, violent crises, limited wars, and wars), increased compared to 2012, from 405 conflicts worldwide to 414[36], including 20 wars and 25 limited wars. A number of factors contributed to this increase, such as the complexity of conflict situations, extensive disregard of international humanitarian and refugee law, continuous demographic pressure and urbanisation, climate change, competition for resources, high and volatile food and energy prices, security threats and poor governance.

The 2013 achievements of the spending programmes supporting the different dimensions of Union's external policies have to be seen against this background.

Some financial programmes **(Humanitarian Aid and the Civil Protection Mechanism[37])** provide instant help and relief in the immediate aftermath of disasters and in crisis situations.

Others have a longer term focus and support the Commission's **development policy and the Union's foreign and security policy**.

In the ‘Agenda for Change’ of 2011 in EU Development Policy, the EU announced an increased focus of financing instruments (EUR 8.3 billion contracted in 2013) on the primary objective of EU development policy: to eradicate poverty in the context of sustainable development, including the achievement of the Millennium Development Goals (MDGs). The EU also adopted a renewed approach to providing budget support to partner countries in 2011 to increase the effectiveness of this aid modality.

In 2013, support for the EU's development policy was channelled mainly through the European Development Fund for countries in Africa, the Caribbean and Pacific (45% of payments) and the Development Cooperation Instrument (DCI; 27% of payments). Support for the European Neighbourhood policy was provided through the European Neighbourhood Instrument (ENPI; 23% of payments).

In the field of common foreign and security policy the main instruments, are Common Foreign and Security Policy operations and the Instrument for Stability.

Another external aid instrument (**Instrument for Pre-Accession)** supports the accession process of candidate countries and potential candidates. Support for the EU enlargement policy through the Instrument for Pre-Accession Assistance (IPA) amounted in 2013 to around EUR 1.95 billion. Currently the enlargement agenda covers the Western Balkan and Turkey, as Iceland decided to put EU accession negotiations on hold. Croatia became an EU Member in 2013.

Programme performance

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[36] Conflict Barometer published annually by the Heidelberg Institute for International Conflict Research; http://hiik.de/en/index.html

[37] The EU Civil Protection Mechanism covers interventions in Member States and non-EU countries. The budget for the EU internal policy part is covered by budget heading 3. For reasons of coherence the performance information on the instrument has not been split between heading 3 and 4, but integrally presented here.

Overall, the financing instruments for **humanitarian aid and civil protection** have been implemented according to plan although payments could not fully match the identified needs. Ad-hoc measures were taken which permitted continuity of operations on the ground.

In 2013 humanitarian aid needs took on new proportions and EU humanitarian assistance has exceeded the amount of EUR 1.3 billion reaching 124 million beneficiaries; exceeding by 15% the targeted 107 million. 16% of the humanitarian aid budget (6% above the 10% target) goes to forgotten crisis that escape the attention of the international donor community. For example, until recently, the assistance to the Central African Republic fell into this category.

A number of evaluations were concluded in 2013, including an evaluation of the sheltering the victims of disasters, which concluded that EU humanitarian interventions address coherently the shelter needs and provide an effective direct operational support. The evaluation recommended improving the partnership approach which involves cooperation with NGOs implementing humanitarian actions, whereby prioritisation, decision-making and coordination responsibilities are shared in a transparent way with all stakeholders. Furthermore, a stronger link should be made with longer-term solutions or exit strategies.

Supporting the EU development policy, financial programmes have been implemented according to plan with the exception of the ENI where a number of specific objectives relating to the targeted progress in good governance, in furthering cooperation with the EU, and in the promotion of democracy, human rights and rule of law were not on track for Neighbourhood South region[38]. This was mostly due to the crisis in this region.

Although it is not easy to attribute progress on the Millennium Development Goals directly to EU instruments, the contribution of EU development funding to main millennium goals in the period 2007-2012 (latest update) can be illustrated as follows:

MDG 1 "Eradicate extreme poverty and hunger" - where the target of halving in 1990-2015 the proportion of people living below 1.25 dollar par day has been reached in all regions except Sub-Sahara Africa. In support of MDG 1, in the period 2007-2012 the development instruments assisted 46.5 million people through social transfers- cash or other in-kind benefits, provided on a regular basis to poorest and most at-risk- for food security. In 2012 alone, EUR 1.6 billion was made available to build resilience and improve sustainable agricultural development. This support was aimed to fighting under-nutrition, increasing food facility and improving access to people who are at risk of hunger.

In support of MDG 2 "Achieve universal primary education" - where important progress has been achieved towards the goal to ensure that children will be able to complete primary schooling, development instruments supported 13.7 million enrolments of pupils in primary education; trained 1.2 million teachers and built or renovated 37,000 schools.

In support of MDG 4 "Reduce child mortality" - important progress is noted in reducing the under-5 mortality rate, the development instruments ensured that 18.3 million children under 1 year of age were immunised against measles and that more than 8,500 health centres and facilities, were built, renovated or furnished.

[38] See for details the Annual Activity Report 2013 of the responsible Commission department (DG DEVCO).

It is not yet possible to assess fully the impact of the 2011 policy changes announced in the Agenda for Change. But, in 2013 some evaluation results became available confirming several aspects of the new focus[39]. The evaluations of financing for private sector development and trade related assistance showed that while the support helped many third countries in making progress, and in deepening their integration into the world, this was due to a variety of external factors linked to the policy-preferences and government priorities in the countries concerned. Most progress was seen in countries (EU's Southern Neighbourhood countries and in Asia) where the private and public sectors were strongly trade-oriented. In many least developed countries and fragile situations, trade related assistance succeeds in increasing trade volume but had less success in diversifying trade. However, good results have been achieved in the area of institutional and regulatory reforms for an improved business environment, mainly in Southern Neighbourhood countries where the link to the trade agreement provided an incentive for reforms. As a result of the evaluation findings the EU will adapt its approach to the context and especially to the level of development of the country. Systematic market analysis should help to improve the effectiveness of EU interventions, and better mainstreaming of poverty reduction and employment creation in trade related assistance and private sector development support can increase the impact of EU's support.

The new budget support policy seems to start to bear fruit, notably as regards the use of State-building contracts in fragile states, which have now been implemented for one year. The 2013 evaluations carried out Tanzania and South-Africa confirm the value of budget support. In particular, the Tanzania evaluation shows that this instrument tends to be very effective where there is a need to scale up resources to address basic needs. Additional funds provided through the budget are identified as having a positive effect on economic growth, on the education sector and on non-income poverty. The evaluators concluded that neither project funding nor common basket funding could have achieved these same results with the same degree of efficiency, effectiveness and sustainability. Moreover, in cases such as those where output is ensuring adequate road maintenance, or increased teachers' salaries, budget support is perhaps the only aid modality. However, both of the evaluations for South Africa and Tanzania show that the policy dialogue and the capacity building measures could have been more effective, and in a number of important areas, weaknesses in policy design and in reform implementation have persisted. In the case of Tanzania, these issues are being addressed through an action plan that has been jointly developed by the budget support donors and the Government of Tanzania. The plan identifies the responsibilities for each activity and the corresponding time frame of implementation. In addition, a performance audit of the Court of Auditors in Egypt (SR 4/2013) found that budget support granted to Egypt in 2007-2013 had not been effective in promoting improvement in public finance management as there is still a lack of budgetary transparency, an ineffective audit function and endemic corruption. The Commission is committed to address the identified issues when negotiating the new action plan with

[39] http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/reports_by_year_en.htm#2013

Egypt and already has applied strengthened eligibility criteria to budget support operations in Egypt.

The EU's financing instruments supporting the **EUs foreign and security policy** were fully deployed throughout 2013 given a deteriorating security situation in various parts in the world. In terms of geographical coverage, Sub-Saharan Africa and the Middle East and North Africa were the major areas of interventions linked with the many aspects of instability and crises occurring in those regions.

Whereas world-wide the number and intensity of conflicts increased, impact indicators show general decrease in the intensity of conflicts where the main common foreign and security policies operations intervened. For example in Kosovo, which was the biggest operation in terms of budget, the conflict intensity in a scale from 1 to 5 went down from level 4 ('violent crisis') to level 1 ('dispute') following the EU mediated talks and the reconciliation agreement reached in April 2013. The EU mission has been one of the key elements in ensuring stability in Kosovo.

Under the Instrument for Stability (IfS) 45 actions were launched for a total of EUR 214 million under the short-term crisis response component and EUR 26 million under the component assisting with long-term crisis preparedness A 2013 evaluation on the component assisting with long-term crisis preparedness concluded that this component is an indispensable element of the comprehensive EU peace, security and development architecture and should be fully embedded into this structure. It found that the component allows the EU to address conflict issues in the broadest sense and that individual projects have indeed built or strengthened the capacity of organisations to contribute to peace-building efforts and strengthen the concept of a community of practitioners.

Example of crisis response measure in Syria

The protracted crisis in Syria has seen ongoing IfS support both inside Syria and in neighbouring countries. In Turkey, Iraq, but mainly Jordan and Lebanon, the IfS was instrumental in supporting the authorities in their reception and hosting of the ever-growing number of Syrian refugees. Refugees are also directly assisted for example through the improvement of living conditions. Within Syria itself, access and other conditions for providing non-humanitarian support are clearly more challenging. Nevertheless, the IfS provided some direct assistance in the form of primary healthcare, increased food security and basic education.

Supporting the accession process of candidate countries and potential candidates, the last programmes under **IPA** were adopted as planned in 2013, with two exceptions: the national programme for Bosnia and Herzegovina, which was reduced due to lack of progress on its political commitments, and the one for Iceland discontinued in relation to the country decision to put on hold the accession process. The overall conclusions from the Second Meta evaluation of IPA assistance 2007-2010[40] confirmed that IPA has been a useful facilitator of change, building up the capacities of the enlargement countries throughout the accession process which result in progressive, positive developments in the region. The effectiveness of IPA assistance 2007-2010 is generally good, especially in those countries

40 http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2013/ipa_interim_meta_evaluation_report.pdf

operating under centralised management. Furthermore, IPA was considered to have been efficiently implemented. The evaluation pointed out that IPA performs best when it has been driven by requirements related to the acquis as this provides a politically accepted institutional structure and mandate. In order to enhance the impact and sustainability of the assistance and increase added value, it was acknowledged that IPA has to be accompanied by a clear political strategy and steady progress in the accession process. The evaluation recommends a stronger link between political dialogue and IPA funding, adopting a multi-annual and results-based approach in the successor programme to enable speeding up the process, ensuring that delivered output actually contributes to sustainable results, and ensuring certain level of flexibility in the implementation. It is also recommended that that the assistance should be tailored to the absorption capacity of the beneficiaries using more capacity assessments in the programming phase. The Commission has accepted many of the recommendations and used them in drafting the successor IPA II programme.

Operational aspects of performance

In the field of humanitarian aid and civil protection, the speed of intervention is of paramount importance so that immediate help to supply primary needs can be provided. In 2013 the average speed of interventions from the acceptance of the offer to deployment under the EU civil protection mechanism was in line with the target of less than 36 hours. The Union's ability to swiftly respond in a coordinated manner was facilitated by the newly launched European Commission Emergency Response Coordination Centre (ERCC), in May 2013. The ERCC operates a 24/7 service, which strengthens the EU's disaster response capacity by collecting real-time information on disasters, monitoring hazards and ensuring that interventions are effectively coordinated. For example in the Philippines, the ERCC facilitated the delivery of over 20 participating states' personnel and relief material supplies, as well as the transport of civil protection assets to the region, confirming added value.

In line with Commission management targets, the major part of Instrument for Stability projects (72%) in the field of the common foreign and security policy was adopted within three months of a crisis context in 2013. This allowed the EU to make timely interventions in some high-profile crises.

In the external aid area, the Commission also made efforts to enhance the coordination when people suffering from large-scale humanitarian crises are helped through different financing instruments, as illustrated by the example below:

Coordination within the Commission when mobilising different EU external aid instruments

From early on, the Syria crisis has required mobilisation of all the EU's external cooperation instruments. In order to avoid unnecessary overlaps, coordination has been organised among Commission services providing funding. This coordination mechanism provides a regular opportunity for an early exchange on on-going and planned activities. In this way, several activities were identified where the Instrument for Stability could usefully complement the humanitarian aid instrument, for example by providing security in the Jordanian refugee camps or by providing much needed assistance in areas of Northern Syria where the Damascus regime imposes severe restrictions on humanitarian actors.

3. THE MONITORING, REPORTING AND EVALUATION FRAMEWORK - MFF 2014 – 2020

Parliament and Council have now adopted all of the legal bases for the new MFF programmes. The monitoring, evaluation and reporting frameworks for these programmes are set out in the Staff Working Document attached. An effort was made in the legislative process to retain the strengthened objectives, indicators and milestones included in the Commission proposals. In parallel, the Commission has developed its internal management tools – the Management Plans and Annual Activity Reports of the Directorates General – to include more reporting on the performance of the financial programmes.

Similar to the previous MFF, the main monitoring and reporting cycles are annual. Reporting over the first four years of the programmes will focus on progress in the implementation of the programmes and outputs. Generally interim evaluations, focusing on progress achieved, problems in implementation, and first indications on performance of the programmes will be carried out between 2016 and 2017. These evaluations should identify any necessary adjustments to the continuing implementation of the programmes and the design of proposals for programmes for the next financial period. These first indications on performance may also provide input to the 2016 Commission proposal on the review/revision of the 2014-2020 MFF. Final and ex-post evaluations will follow generally from 2020 to 2024, providing the main information on the performance of the programmes and their impacts on society and the economy.

The time lapse between the roll-out of the programmes through the disbursement of funds and the initiation of the actions financed and the possibility to measure the impact of the actions is a systemic issue. All evaluation work, together with performance audits from the Court of Auditors, will continue, as before, to use the benefit of hindsight to analyse the past and point to future progress.

4. CONCLUSIONS

Evaluations, performance audits, monitoring data, Member States' and other reporting provides a cross-section of data and opinion on the progress and performance of key programmes contributing to the Europe 2020 objective. The Commission is generally on track in implementing the different programmes, with occasional examples of lack of progress compared to set milestones and indicators. Much of the information and data at this stage concerns outputs and actions being taken rather than results and impacts on programme objectives, but first indications of overall performance confirm expectations based on the design of the programmes and the progress achieved in their implementation. It is difficult to measure the extent to which progress towards overall strategic policy objectives is a direct and exclusive result of actions financed by the spending programmes, while confirmation is provided of the added value of common objectives and co-ordinated action by the EU, contributing to increased efficiency and effectiveness.

The economic downturn has clearly slowed down progress in achieving EU headline targets on important aims such as the reduction in the number of people at risk of poverty and social exclusion. In response to the crisis, the Commission has undertaken various measures to speed up the implementation and align EU financing with the objectives of the Europe 2020 strategy. It is clear that despite this fact the EU spending programmes alone have not been able to reverse the economic slowdown. This Report provides many examples of financial programmes reducing the negative effects of the crisis for companies and Member States. For example, different financial facilities enabled SMEs and innovative firms to continue to invest for the future. Also in many Member States support from European Structural Funds has been the key instrument to support active labour market policies.

In a similar vein whilst EU funding has contributed important strategic policy objectives, large scale funding under the European Energy Programme for Recovery of gas and electricity interconnections has only started to contribute to easing the wide-ranging energy security issue and to consolidate the internal market in energy, while far more needs to be done to further improve interconnections with the more remote and/or less well connected parts of the single market.

The Commission has used the input from all available forms of assessment, such as evaluations and special reports from the Court of Auditors, to adapt the implementation of programmes and preparation of successor programmes. Exemplary are improved objectives setting at programme and project level and ex-ante analysis of needs and EU-added value. The Commission has also called for more focus on effectiveness and efficiency and for inclusion of better indicators and systems to track evidence of performance. The monitoring, reporting and evaluation framework for the MFF 2014-2020 based on the legislation adopted by Parliament and Council for the new financial programmes provides what has broadly been agreed as a sound foundation for future reporting on results and impacts. As indicated in the monitoring, reporting and evaluation framework for the past MFF, reporting on 2007-2013 programmes will continue well into the next financial period.