



Brussels, 26.6.2015  
SWD(2015) 124 final

**COMMISSION STAFF WORKING DOCUMENT**

**Examples of EU added value**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

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

{COM(2015) 313 final}

{SWD(2015) 125 final}

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# Introduction

This Staff Working Document ('SWD' 1) is one of the two SWDs accompanying the Commission's fifth Article 318 Evaluation Report.

It follows up on comments from the European Parliament, the Council and the European Court of Auditors on the need to demonstrate the added value of EU budgetary spending.

In its recommendation to the 2013 discharge, the Council considered that:

*"(...) providing EU added value is of paramount importance for any EU funding and, in order to achieve this, EU funding should deliver synergies and economies of scale at EU level. In this context, the Council invites the Commission, the Court and Member States, as well as other interested parties, to further exploit the concept of EU added value as part of the EU performance framework".*

The Court of Auditors commented in its 2013 annual report on the EU budget that: *"However, none of the three main reports published in 2013 provided a comprehensive overview of results in terms of EU added value. This is a significant gap in the reporting"*<sup>1</sup>. In response, the Commission committed to report on EU-added value in the Article 318 Report.

The present SWD aims to demonstrate through specific examples that the below mentioned dimensions of EU-added value are being addressed in EU spending programmes. It draws on the information provided in the Annual Activity Reports of the Commission departments managing EU spending programmes and is structured around budgetary headings, in line with the 318 Report. It is provided separately because the EU value added is intrinsic in the programme and not subject to annual changes.

## DEFINITION OF EU ADDED VALUE

EU added value is best defined as *"the value resulting from an EU intervention which is additional to the value that would have been otherwise created by member states alone"*<sup>2</sup> and can be assessed on the basis of the following 3 criteria:

- Effectiveness: It may be more **effective** where it is the only way to get results to create missing links, avoid fragmentations, and realise the potential of border-free Europe.
- Efficiency: It may also be more **efficient** where the EU offers better value for money because externalities can be addressed, resources or expertise can be pooled, and action can be better coordinated.
- Synergy: It may create **synergies**; where EU action is necessary to complement, stimulate, and leverage actions to reduce disparities, raise standards.

The examples provided throughout this report will be structured around these three criteria.

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<sup>1</sup> OJ C 398/263 of 12.11.2014; paragraph 10.21 of the 2013 annual report of the European Court of Auditors on the 2013 budget.

<sup>2</sup> Commission Staff Working Paper "The added value of the EU budget" SEC (2011)867 final.

# HEADING 1A EUROPEAN ADDED VALUE IN COMPETITIVENESS FOR GROWTH AND JOBS

Heading 1a of the budget finances a wide range of programmes addressing different dimensions of EU-added value.

The main programme (Horizon 2020) under this heading aims to break down national barriers by funding international research consortia; addresses broad social issues thereby creating a critical mass and promotes more intense competition in research which leads to higher quality and excellence. Through EU action, mobility of students, researchers and trainees is enhanced rendering them better skilled and highly employable on the European labour market.

Heading 1a also supports a number of programmes contributing to European infrastructures, including some for research purposes; either by financing large and expensive European infrastructure projects, which are of strategic importance for the EU and its Member States, or, by financing missing links in the existing infrastructure (CEF) and thereby realising the potential of a border-free, interconnected Europe.

Aiming to enhance the competitiveness of enterprises, including those of a small or medium size<sup>3</sup>, heading 1A financially supports actions that improve firms' research and innovation capabilities and helps to get access to risk finance to fund research projects<sup>4</sup>. The Single Market is strengthened by improving working conditions<sup>5</sup>, overcoming market fragmentation in areas like venture capital investments, and/or allowing economies of scale in areas where it is difficult for individual member States to achieve the required critical mass.

Finally, heading 1A supports a range of small programmes finances specific areas where pan-European coordination is needed, such as the cooperation between tax and customs authorities, the cooperation to fight fraud or counterfeiting, the compilation of statistics by national statistical agencies to ensure consistency and comparability.

## RESEARCH AND INNOVATION – HORIZON 2020

The EU Framework Programmes support research which addresses pan-European challenges and develops numerous technological outputs and innovations. The EU facilitates the establishment of a common scientific base by coordinating funding across national borders and restructuring the R&D and innovation landscape in Europe<sup>6</sup>. These objectives cannot be efficiently realised by individual Member States.

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<sup>3</sup> For instance, according to an evaluation study carried out in 2014 the SMEs participating in FP7 increased their turnover (22%), employment (25%) and exports (28%) when compared to non-participating SMEs. Among those who participated in FP7, 62% stated that they would not have been able to undertake the project without EC funding.

<sup>4</sup> For instance, under Horizon 2020 the 'access to risk finance' instrument (INNOVFIN) will support the development of Union-level venture capital.

<sup>5</sup> Marie Curie Actions set value benchmarks for working conditions and employment standards of EU researchers. EURAXESS facilitates researchers' mobility and job finding across Europe through a large network of more than 200 service centres in 40 Member States and Associated Countries.

<sup>6</sup> Several examples can be quoted. The EU has established the European Research Council (ERC), which

When it comes to implementing R&I projects, EU actions add value by creating durable cross-border, cross-sectoral, inter-disciplinary networks, which are well-structured, sustainable and well-integrated into global innovation networks.<sup>7</sup>

The competitive nature of obtaining EU funding through the Framework Programme instrument<sup>8</sup> has triggered the participation of top-quality researchers<sup>9</sup> in first-rate research projects performing high-quality research as reflected in international peer-reviewed publications<sup>10</sup> and scientific awards

EU action is needed to achieve the critical mass of resources and knowledge across different fields, technologies, scientific disciplines and research infrastructures required for breakthroughs which no single Member State can provide on its own. This is illustrated by the examples below.

**Example 1:** NEOShield project (<http://www.neoshield.net/>)

The NEOShield project has been set up to carry out a detailed analysis of the open questions relating to realistic options for preventing the collision of a NEO with the Earth. The aim of the project is to provide solutions to the critical scientific and technical issues that currently stand in the way of demonstrating the feasibility of the promising mitigation options with a test mission.

**Effectiveness:** The European space industry is considered of strategic importance and Space Research has a strong industrial dimension that cannot be supported at MS level alone. EU funding enabled the establishment of an international team including partners from established space-faring nations outside the European Union.

**Efficiency:** The project ensured that expertise is pooled, which in turn enabled the investigation of key technologies to mitigate threatening asteroids.

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promotes an EU-wide competition for funds for basic research and encourages the highest scientific quality. Through EU leadership a pan-European strategy on research infrastructures is now being implemented (through ESFRI, the European Strategy Forum on Research Infrastructures). The EU helps private companies come together and implement joint strategic research agendas through tailored instruments, such as European Technology Platforms and Joint Technology Initiatives. The EU brings together compartmentalised national research funding using instruments such as the ERA Networks (ERA-NETs) and Article 185 initiatives, which set common research agendas and achieve the funding scale required for tackling important societal challenges.

<sup>7</sup> For instance, FP7 has created over 600,000 collaborative links between research-performing institutions in EU Member States.

<sup>8</sup> For instance, under FP7 nearly 1 365,000 proposals were received, of which more than 25,000 projects are being supported, involving more than 130,000 participants.

<sup>9</sup> For instance, in FP7 all the 100 best ranked European universities in the Shanghai ranking list have been actively involved in Marie Curie projects. At the same time, 65% of the outgoing European researchers have carried out part of their research projects in the top 50 world universities.

<sup>10</sup> More than 57,000 publications resulted from FP7 projects of which more than 50 % in High Impact Peer Reviewed Journals.

**Synergy:** The project complements existing scientific research on near-Earth objects (NEOs) by taking it one step further. It covers areas in which further scientific research and technical development work is necessary and facilitates more accurate predictions of the consequences of an impact on the Earth of a NEO, including the development of a European strategy for future research and mission-related endeavours.

Annual Activity Report Research Executive Agency

**Example 2:** Graphene (<http://graphene-flagship.eu/>)

The Graphene flagship was launched in October 2013 under the predecessor of Horizon 2020. It is the EU's largest ever research initiative. With a budget of EUR1 billion, it represents a new form of joint, coordinated research on an unprecedented scale.

The Graphene Flagship is divided into two separate phases: a 30 month ramp-up phase under the 7th Framework Program (October 1, 2013 – March 31, 2016) with a total European Commission funding of 54 million euro, and a steady state phase under the Horizon 2020 Programme (April 1, 2016 – 2023) with expected European Commission funding of 50 million euro per year.

**Effectiveness:** the European Commission finances 50 per-cent of the budget of the whole initiative, while the remaining 50 per-cent is expected to be financed through Partnering Projects at regional, national or transnational level. Without the EU budget to cover the sunk costs, other funding partners would not have been found and the project would not have taken place.

**Efficiency:** GRAPHENE brings together more than 140 partners from 23 countries, thereby maximising the benefits of pooling expertise. In one year, the flagship has produced more than 100 publications in major scientific journals (including a special dedicated issue from Nature), more than 5 patent applications, and many prototypes.

**Synergy:** Many European companies are joining the flagship's effort to take graphene and related materials from the lab to the market. To mention a few highlights, Graphene researchers have developed an ingenious and cheap method to fabricate high-quality graphene by separating graphene flakes in a rotating liquid, much like in a kitchen blender. They have signed a licence agreement with a UK-based chemical manufacturer to scale up production.

Annual Activity Report DG CNECT

H2020 funds research to support Europe's most pressing societal challenges as identified in the Europe 2020 Strategy<sup>11</sup>. For example, the cost-effective development of effective medicines that Europe urgently needs to improve the health of its citizens. EU funding in this area is necessary cover the funding gap triggered by the high investment risks. Medical research depends crucially on the ability to run easily multinational clinical trials in Europe so that full advantage can be taken of its aggregate population size to access patients. Europe's 500 million people and high healthcare standards offer unique opportunities to undertake clinical research.

Despite past efforts, most of Europe's investigator-driven clinical trials are still conducted at national level. Large financial costs are associated with the burden of recruiting and investigating patients and volunteers, mapping the trials, and meeting the legal requirements to ensure they are conducted safely. This is where action at EU-level can make a real difference. Action at EU-level has an important structuring effect on the European research landscape. At EU-level, it is easier to bring all key players around the table and to progress towards the development of common standards and tools and towards the better harmonisation of procedures.

The benefit of creating a single European area for clinical research through EU support is shown below:

**Example 3:** ECRIN (<http://www.ecrin.org/>)

The European Clinical Research Infrastructures Network (ECRIN) is a sustainable, not-for-profit infrastructure supporting multinational clinical research projects in Europe. It provides services for multinational clinical trials on rare diseases, medical devices and nutrition. It also develops tools for risk-adapted monitoring and will upgrade data management tools. The four-year project is backed by a EUR 8 million EU grant.

**Effectiveness:** Multinational clinical research is hampered by the fragmentation of health and legislative systems in Europe. The financial support provided by the EU budget towards ECRIN enables clinical research to overcome this fragmentation. ECRIN involves networks from 23 countries

**Efficiency:** The project develops a single European area for clinical research as it integrates national clinical research facilities into an EU-wide network able to provide support in any medical field through specialised services and infrastructure. This benefits the development of medicines and strengthens the attractiveness of Europe for industry trials through the creation or maintenance of national infrastructures having common tools, standards and procures.

**Synergy:** EU funding was necessary to leverage action at Member State level. ECRIN has brought together efforts from Germany, Spain, France, Italy and Portugal, all of which have become funding members.

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<sup>11</sup> Horizon 2020 funding to tackle societal challenges focusses on the following specific objectives; (a) health, demographical change and well-being, (b) food security, sustainable agriculture and forestry, marine, maritime and inland water research and the bioeconomy, (c) secure, clean and efficient energy, (d) smart, green and integrated transport, (e) climate action, environment, resource efficiency and raw materials, (f) Europe in a changing world – inclusive, innovative and reflective societies and (g) secure societies – protecting freedom and security of Europe and its citizens.

Finally, EU funding for research and innovation produces large macro-economic<sup>12</sup> and social impacts<sup>13</sup> by increasing industry added value, leveraging private investments,<sup>14</sup> creating jobs<sup>15</sup>, and contributing to tackling societal challenges.<sup>16</sup>

## *EDUCATION*

EU added value is in particular visible in terms of positive impact of EU funded mobility on beneficiary employability and competitiveness. Whereas one out of two European graduates who studies or trains abroad benefits from Erasmus (3 million students since its inception), Erasmus increases their employability advantage over non-mobiles by 45% in total. More specifically, the unemployment rate of Erasmus students is 23% lower than of non-mobile students five years after graduation. Furthermore, EU funded mobility widens the scope of mobility across all Member States and has a ripple effect on student mobility at large. International experiences and intercultural competence are indeed considered as the most important assets that distinguish Erasmus Mundus beneficiaries from other graduates.

**Example 4:** Jean Monnet projects ([https://eacea.ec.europa.eu/erasmus-plus/actions/jean-monnet/jean-monnet-projects\\_en](https://eacea.ec.europa.eu/erasmus-plus/actions/jean-monnet/jean-monnet-projects_en))

The objective of the Jean Monnet project is to raise awareness of the workings of the EU among young people aged 17-30 and to promote the study of the European Union within all levels of higher education. The project is developed by the University Association for contemporary European Studies in the UK, London

**Effectiveness:** EU funding is the main funding instrument supporting the promotion of diversity and richness of the EU. The positive externalities of these actions benefit all MS indirectly.

**Efficiency:** The benefits for students and learners of the project are an increased understanding of the EU and the role it plays in our lives, increased knowledge of European Union studies as a

<sup>12</sup> Under the NEMESIS econometric model, the long term FP7 macro-economic impact was estimated at an extra 0.96% of GDP, 1.57 % exports and a reduction of 0.88 % of imports.

<sup>13</sup> For instance, FP7 promotes gender equality; around 40% of participants are female researchers (depending on field of research).

<sup>14</sup> Under FP7 the Risk-Sharing Finance Facility (RSFF), an EU outlay of EUR 1 billion is expected to mobilise over EUR 11 billion EIB loans and support a total investment of approx. EUR 30 billion. The Court of Auditors concluded that the RSFF exceeded its initial expectations and has enabled the EIB to finance investments well above its usually accepted level of risk, with high leverage (6.6) and multiplier effects (28).

<sup>15</sup> Under the NEMESIS econometric model, the long term employment effects of FP7 was estimated at 900,000 jobs of which 300,000 in the field of research.

<sup>16</sup> For instance, the ex post evaluation of the FP7 Cooperation - environment programme concluded that it could generate around EUR 7-20 billion of sales and EUR 30-100 billion in terms of resource saving.



discipline and experience of presenting research to peers. The value for money assessment is yet to be carried out.

**Synergy:** 'Teaching young people European Studies' creates synergy amongst master students, undergraduates and A-level students. Fostering this type of synergy in the European higher education landscape can only be achieved effectively by means of EU dedicated funding.

Annual Activity Report EACEA Agency

## LARGE INFRASTRUCTURE PROJECTS

Strategic infrastructure projects are vital for Europe helping boost the economy and generate new jobs. Article 170 TFEU lays down that the Union shall contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy. Whereas the projects to develop them are complex exceeding the financial and technical capacities of a single Member State, the use and benefits of these infrastructures extend well beyond the national boundaries of Member States.

Action at EU level is more effective and efficient than action at national level and allows the EU to have its own autonomous and independent systems. The European budget finances different European infrastructures, such as the European satellite navigations systems (EGNOS, Galileo), the European autonomous earth observation system (Copernicus) and the International Thermonuclear Experimental Reactor (ITER) which is a risky, costly and long-term project aiming to demonstrate fusion which could greatly contribute to the long-term EU energy strategy.

The below examples show the European dimension of the use of these trans-European infrastructures:

### **Example 5:** EGNOS (<http://egnos-portal.gsa.europa.eu/>)

EGNOS are Satellite-based augmentation systems that improve the accuracy and the reliability of GPS information by correcting signal measurement errors and by providing information about the integrity of its signals. EGNOS' infrastructure comprises a ground network of 34 ranging and integrity monitoring stations (RIMS), six navigation land earth stations (NLES), four mission control centres and signal transponders on three geostationary satellites (Artemis, Inmarsat AOR-E and Inmarsat IOR-W). The signal coverage area includes most European countries.

**Effectiveness:** The co-ordination and pooling of resources across different actions is paramount in the development of satellite navigation systems. EGNOS arose from a tripartite agreement between the European Space Agency (ESA), the European Commission (EC) and Eurocontrol, the European Organisation for the Safety of Air Navigation. The system provides an unprecedented level of accuracy and reliability, enabling new services to develop – including safety-critical applications – in a wide range of market segments.

**Efficiency:** About 65% of all existing satellite navigation receiver models are already EGNOS-enabled, meaning that these receivers can use the EGNOS message. In Europe, more than 170 EGNOS-based landing approaches are currently available at more than 110 airports in 15 countries, which allow navigating vertically when landing at an airport with reduced visibility conditions. The Airbus A350 is the first large commercial aircraft providing an option to land with EGNOS. From the 750 firm orders, most of them contracted the EGNOS option. EGNOS is also used for inland maritime navigation in the 400 km-long Hungarian Danube stretch. ENI, a multinational gas and oil company, is in the process of equipping all 1500 trucks in Italy and 400 trucks outside Italy with EGNOS-enabled devices to monitor the transport of hydrocarbon. About 90% of high-end combine harvesters currently sold by CLAAS, a leading agricultural machinery manufacturer based in Germany, are equipped with EGNOS-enabled receivers.

Annual Activity Report DG ENTR

Connecting Europe Facility (CEF) with a contribution from the Cohesion Fund (CF) as well as the European Regional Development Fund (ERDF) supports transport infrastructure by granting resources to selected European projects in all transport modes and in every EU Member State via the TEN-T programme. The strategic projects under the TEN-T programme provide strong EU added value by contributing to closing the gaps between Member States' transport networks, removing bottlenecks that still hamper the smooth functioning of the internal market and overcoming technical barriers such as incompatible standards for railway traffic. The implementation of these projects plays a major role for territorial, economic and social cohesion of the Union.

Examples of such projects are:

**Example 6: Brenner Base Tunnel project** ([www.bbt-se.com](http://www.bbt-se.com))

**Effectiveness:** The Brenner Base Tunnel is a straight, flat railway tunnel improving the infrastructure links between Austria and Italy. Construction has started of the EUR 380 million access tunnel Tulfes – Pfnos in Austria and the final preparation of the Eisack underpath in Italy. To date, for the whole project (covering both access tunnels and the base tunnel itself), 34 km of tunnel have been excavated.

**Efficiency:** Once completed, the tunnel will lead to significant efficiency gains in terms of reduced transport times and energy efficiency: Because of the flat track longer and heavier trains can navigate the route needing less energy and less time to arrive at their destination. Travelling time between Innsbruck and Fortezza will be reduced from 80 to 25 minutes.

**Synergy:** EU funding is necessary to leverage action at Member State level. The Brenner Base Tunnel, which is meant primarily for freight transport, allows a modal shift of traffic from road to rail. Passenger trains can also travel through the tunnel. It builds on international best practice and includes innovative technologies.

Annual Activity Report DG MOVE

**Example 7: CROCODILE project** (<http://crocodile.easyway-its.eu/>)

Intelligent Transport Systems (ITS) are widely used across Europe and drive transport efficiency by contributing to a cleaner, safer and more efficient use of the existing infrastructure in a cost-effective way.

**Effectiveness:** Through the harmonisation of pan-European services across Member States and coordinated implementation Europe, ITS contributes to the creation of the single European Transport Area.

**Efficiency:** In CROCODILE stakeholders of 13 EU Member States are currently setting-up data exchange infrastructures in order to provide real-time information to road administrators, drivers, and other concerned parties. For example accurate travel information on weather

conditions, traffic congestion, route advice, availability of truck parking, etc. will be always available to serve the European traveller along the entire corridor.

**Synergy:** The deployment of such services implies a continuous cooperation among Member States, technical harmonisation and investments in ITS infrastructures.

Annual Activity Report of the INEA agency

## OTHER PROGRAMMES FINANCING COMMON ISSUES OF EUROPEAN ADDED VALUE

Finally, it includes a range of small programmes which finances specific areas where pan-European coordination is needed, such as the cooperation between tax and customs authorities, the cooperation to fight fraud or counterfeiting, and the compilation of statistics by national statistical agencies to ensure consistency and comparability.

### *COOPERATION BETWEEN TAX AND CUSTOMS OFFICIALS (FISCALIS 2020 AND CUSTOMS 2020)*

The core outputs of Fiscalis and Customs programmes are IT systems allowing for the exchange and availability of electronic tax and customs related information between Member State tax and customs administrations in a rapid and secure manner. A closed and secure Common Communication Network/Common Systems Interface (CCN/CSI) allows national customs and tax administrations in approximately 5,000 connection points.

This common network ensures that every national administration only needs to connect once to this infrastructure to be able to exchange information with any of the Member States. If such an infrastructure were not available a Member State would have to link 27 times to the national systems of each of the other Member States.

The EU-added value has been confirmed in recent evaluations which identified a strong case for the EU added value of the programmes, particularly regarding its role in supporting the implementation of EU legislation at national level and reducing in administrative costs.

#### **Example 8:** Vat Information Exchange System (VIES)

**Effectiveness:** Evidence from the case studies in the final evaluation of Fiscalis 2013 showed that the information from Vat Information Exchange System (VIES) is an important tool to help combat VAT fraud, and interviewees could not see any alternative outside of the Fiscalis Programmes to provide a similar service.

**Efficiency:** Towards the end of Fiscalis 2013 tax administrations used VIES to exchange more than 500 million messages per year related to cross border transactions made by traders within the EU. In 2014, more than 1 billion messages have been exchanged.

The combined evidence of the final evaluation of Fiscalis 2013 and records of 2014 as well as the forecasts for the next years in terms of usage of European Information Systems, shows that consequences of ceasing to fund European Information systems would likely include an overall

reduction in Member States ability to combat fraud and tax evasion and a reduced effectiveness within national administrations – in particular in relation to collaboration with other Member States to implement EU tax legislation. This would probably lead to loss of tax revenues, distorting competition and ultimately would have a detrimental effect on the functioning of the internal market.

**Synergies:** Also evidence from the Customs evaluation pointed out that the IT systems funded through the programme are highly complementary to national initiatives and mostly relate to implementing such legislation. In addition to rendering of information more systematically and effectively, they also reduced the amount of time needed by officials to file official requests with their counterparts in other Member States. While hard to quantify, all of the systems associated with risk management financed by the Customs programme helped administrations target controls more effectively.

Annual Activity Report DG TAXUD

### *COOPERATING TO PROTECT THE EUROPEAN UNION'S FINANCIAL INTEREST*

As criminality and corruption doesn't end at national borders, cross-border operations between cooperation between Member States is effective to fight fraud, corruption, counterfeiting and other illegal activities affecting the financial interests of the Unions. This includes the fight against cigarette smuggling.

Supporting cooperating to protect the European Union's financial Interest the Hercule programme, amongst others, helps to create saving deriving from the collective procurement of specialised equipment and databases, the benefits of which are demonstrated below:

#### **Example 9:** Anti-Fraud Information System (AFIS)

The Anti-Fraud Information System (AFIS) is a set of anti-fraud applications operated by the European Commission under a common technical infrastructure allowing the timely and secure exchange of fraud-related information between national and EU competent administrations. AFIS has funded a "Virtual Operational Coordination Unit" for joint customs operations channelling the flow of information.

**Effectiveness:** Under the coordination of OLAF, customs authorities carried out targeted physical or X-ray controls on several hundred selected containers. These checks uncovered a wide array of counterfeit goods including cigarettes, perfumes, car and bicycle spare parts, toys, fashion accessories and electric devices. The seizures of cigarettes alone prevented the loss of EUR 25 million in customs duties and taxes. In fact, the amount of cigarettes seized is equivalent to what 17 000 people, smoking a packet a day, would consume in a year. In terms of overall seizures in this Operation, the value of the equivalent genuine products is estimated to be over EUR 65 million.

**Efficiency:** During the operational phase of REPLICIA, OLAF facilitated the cooperation between all the EU Member States, Norway, Switzerland, 11 international partners, Interpol, Europol and the World Customs Organisation. The operation was coordinated by OLAF with the support of a

team of eleven liaison officers from the EU Member States and China, all working together in Brussels.

**Synergy:** AFIS Virtual Operational Coordination Unit (VOCU) - a brand new secure communication channel for such joint customs operations – was used to channel the flow of incoming information. Most international EU ports were also involved during the two-week period, providing support for the checking of the containers. The exchange of information in real time allowed all the experts involved to identify suspect flows of counterfeit goods from ordinary commercial transactions.

Annual Activity Report DG OLAF

## HEADING 1B EUROPEAN ADDED VALUE IN ECONOMIC, SOCIAL AND TERRITORIAL COHESION

Economic and social cohesion – as defined in the 1986 Single European Act – is about ‘reducing disparities between the various regions and the backwardness of the least-favoured regions’. The EU's most recent treaty, the Lisbon Treaty, adds another facet to cohesion, referring to ‘economic, social and territorial cohesion’.

Heading 1B of the EU Budget finances hundreds of thousands of projects all over Europe that receive support through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF)<sup>17</sup>. These three funds constitute the Cohesion Policy of the EU.

Cohesion Policy has a strong impact in many fields. Its investments help to deliver many EU policy objectives and complement EU policies such as those dealing with education, employment, energy, the environment, the single market, research and innovation. In particular Cohesion Policy provides the necessary investment framework to meet the goals of the Europe 2020 Strategy for smart, sustainable and inclusive growth in the European Union by 2020.

Cohesion policy aims to promote the development and structural adjustment of regions. It is based on a sharing of competences between the European Union, Member States and regions. Where the Union intervenes in regions in difficulty, through the funds in question, it is to act upon the causes of regional disparities. In other words, this policy has not only a redistributive character, in that it transfers resources from the richest States and regions of the Union to the poorest ones. It also performs an allocative function, permitting less favoured States and regions to maintain high levels of investment in physical and human capital in order to improve their competitiveness and their growth potential and to promote sustainable development.

Examples of EU added value in projects funded under the ERDF, the CF and the ESF are provided below.

### EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

The ERDF focuses its investments on several key priority areas. This is known as 'thematic concentration':

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

The ERDF also gives particular attention to specific territorial characteristics. ERDF action is designed to reduce economic, environmental and social problems in urban areas, with a special focus on sustainable urban development. It also fosters territorial cooperation in its three dimensions (cross-border, transnational and interregional). Addressing common problems

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<sup>17</sup> Cohesion Fund applies to EU Member States which have a GDP lower than 90 % of the EU-27 average – Croatia not taken into account [http://ec.europa.eu/regional\\_policy/en/faq/#1](http://ec.europa.eu/regional_policy/en/faq/#1)

together allows for more efficient use of public resources and circulation of ideas and good practice.

**Example 10:** The road towards entrepreneurial Poland

**Effectiveness:** The road towards entrepreneurial Poland, a project initiated in 2008, is an example of the systemic change induced and supported by ERDF in European regions, thanks to the multiannual development strategy, aligned to EU-wide priorities, supporting interventions co-financed by the ERDF/CF. Born with the aim to encourage entrepreneurship and innovation in high technology fields across Poland, the programme has developed an innovative network of pre-incubation facilities (Academic Business Incubators located in universities), incubation services (ABI Business Link centres) and a Seed Capital system.

**Efficiency:** The pre-incubation and incubation scheme provides low-cost office, research or production accommodation to start-up companies and provides business support services to around 1,450 start-ups per month. Companies wishing to expand their businesses into international markets are also supported with professional advice through a network of three start-up 'embassies' in China, the United States and the United Kingdom. In the space of just five years, this programme has helped over 6,000 start-up initiatives and, by generating income of around EUR 35.5 million, has had a positive effect on the lives of around two million people.

**Synergy:** With two years of the programme still to run, it has so far achieved the creation of 38 out of 50 planned business incubators across Poland, making it Europe's largest network of business incubators. This has had a systemic impact on the whole sector in the country, creating a dynamic entrepreneurial ecosystem and a community of young entrepreneurs.

Annual Activity Report DG REGIO

**Example 11:** Ticket Kyoto

**Effectiveness:** EU action created the missing link between five major European public transport companies (MoBiel, RATP, RET, STIB and TFGM). Through the "Ticket Kyoto" project they have joined forces and exchange, innovate, and experiment with practical solutions for reducing CO2 emissions from public transport. The ultimate goal is to set low CO2 emissions as the new standard for public transport providers, thus contributing to reaching the European objectives of the Kyoto Protocol in 2020.

**Efficiency:** The pooling of resources and knowledge delivered economies of scale and value for money. Specifically, the five partners 1) have developed energy saving measures called 'quick wins' that are easy to achieve in the short term without large investments; 2) have mutualised their knowledge investing in infrastructure like energy recovery from tram and metro braking; 3) have identified effective solutions to improve policies and regulations for longer term sustainability; 4) have mobilised both the public and industry to take action through public campaigns. It is estimated that STIB's new cogeneration system will save up to 165 tons of CO2 each year.

**Synergy:** The coordination of 5 major public transport operators has reduced the costs of planning by enlarging the number of possible suppliers, organising eventual joint tenders and identifying the conditions for optimal implementation, developing a joint approach capable of being directly transferred to other industries.

Annual Activity Report DG REGIO



## COHESION FUND

The Cohesion Fund allocates funding to activities under the following categories:

- Trans-European transport networks, notably priority projects of European interest as identified by the EU;
- Environment: here, the Cohesion Fund supports projects related to energy or transport, as long as they clearly benefit the environment in terms of energy efficiency, use of renewable energy, developing rail transport, supporting intermodality, strengthening public transport.

### **Example 12:** Wind farm brings renewable energy to western Poland

A new wind farm, built in the village of Golice near the Polish border with Germany, is generating “green” electricity for the national grid while cutting down on CO2 emissions. The Cohesion Fund contributed EUR 10 million to this project.

**Effectiveness:** The feasibility study prepared in the context of the project demonstrated that the project would not have been possible without the EU financial support.

**Efficiency:** The wind farm, which is the first in the country, increases the supply of energy from renewable resources in Poland. This is helping the country to meet its international commitments for reducing greenhouse gas emissions by 15 % by 2020.

**Synergy:** EU action was able to increase the contribution made by renewable energy sources in Poland and reduce disparities. Along with providing a reliable renewable source of power, the wind farm also brings greater energy security to Poland by diversifying supply and by reducing the need to import energy from abroad. The local population also benefits from an improved electricity supply and lower air pollution. The project has created around 600 direct and indirect jobs.

DG REGIO website

## EUROPEAN SOCIAL FUND (ESF)

The ESF played an important role in tackling the economic downturn in several Member States by dynamising the development of human resources and facilitating better response to local labour market needs and employment by allowing national administrations to adapt their processes and undertake new measures. Without the additional funding (“the volume effect”) provided through the ESF, important measures would not have been developed and the mitigation of the economic decline would have been less effective<sup>18</sup>.

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<sup>18</sup> As indicated in the “Evaluation of the reaction of the ESF to the economic and financial crisis”, <http://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=evaluation+ESF+&mode=advancedSubmit&langId=en&policyArea=&type=0&country=0&year=0>

A key element of the volume effects was the ability of the ESF to boost provision in relation to changing needs, with a substantial increase in support for shorter term unemployed people who became unemployed at the onset of the recession. ESF action broadened existing action by supporting groups or policy areas that would otherwise not have received support (such as older people (50+), ethnic minorities, prisoners, Roma people). On the downside, examples of ESF programmes overlapping with or displacing other interventions not co-financed by the ESF also exist. Of the 27 country reports reviewed in the final synthesis report of the ESF Expert Evaluation Network produced in 2014:

- 22 reported that ESF action broadened existing action by supporting groups or policy areas that would not otherwise receive support (scope effects);
- 20 reported that ESF funding added to existed actions, either by supporting national action in general or specific areas of national policy (positive volume effects), while 2 (BE and LV) indicated some potentially negative displacement effects;
- 20 generated evidence that ESF action influenced member state administrations and organisations involved in the programmes (process effects).
- 13 reported evidence of that ESF action supported local/regional innovations that were taken up at national level or national innovative actions that were then 'mainstreamed' (role effects);

**Example 13: Tackling the economic downturn in Estonia**

Different innovative measures to increase the flexibility of labour were implemented with ESF support, namely: training courses for extended target groups, possibilities to continue disrupted studies, increase entrepreneurship (including counselling and training of people belonging to risk groups), services helping persons belonging to risk groups (specific measures for disabled persons and a more personal approach to designing active labour market measures).

**Effectiveness:** Measures to enhance the competitiveness of the Estonian business environment were carried out: new training courses, implementation of specific activities in the case of start-ups and for business expansion, fostering research and development activities in the company around encouraging and supporting exporting.

**Efficiency:** Newly designed and/or redesigned services offered to specific target groups, which involved a more personal approach to services, were assessed positively by recipients, service providers and partners.

**Synergy:** The ESF also helped broadening the range of target groups eligible for the various active labour market services.

These changes were not just responses to the crisis, but also contribute to the long-run restructuring of the Estonian economy.

Final synthesis report of the ESF expert evaluation network

## HEADING 2 EUROPEAN ADDED VALUE IN SUSTAINABLE GROWTH: NATURAL RESOURCES

The EU, together with other international actors, is committed to the principle of sustainable development as defined by the Brundtland Commission in its 'World Commission on Environmental and Development Report' of 1987: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

This definition incorporates an intergenerational commitment of the current generation to leave the next generation a stock of productive capacity that is capable of producing more wellbeing per capita than that enjoyed by the current generation.

The ability of humans to improve their wellbeing is in turn determined by the quantity and quality of capital assets (man-made capital, human capital and natural capital) available at any one time<sup>19</sup>.

Under Heading 2 of the Budget, the EU financially supports the sustainable management of natural resources via the CAP, the EMFF and LIFE programmes, thereby looking after one of the three categories of capital assets listed above.

The justification for EU intervention in this domain is based on the fact that natural resources are rival<sup>20</sup>, but not excludable<sup>21</sup>. They are thus subject to being overused, a problem also known as the 'Tragedy of the Commons<sup>22</sup>': Everybody wants to use the common resource as much as possible but the result is – given that the good is in fixed supply- that it will disappear and everybody will lose. In other words, management of natural resources cannot be ensured by Member States alone and actions can better be carried out at the Union level and beyond. Achieving sustainable development will require a decisive societal and technological transition to an economy based on a sustainable relationship between nature and human well-being.

Examples of how EU spending contributes to reducing resource use and environmental impacts, whilst increasing competitiveness, are provided below.

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<sup>19</sup> PEARCE D.; Conceptual framework for analysing the distributive impacts of environmental policy; prepared for the OECD environment Directorate Workshop; 2003

<sup>20</sup> Goods are rival if one person's use of the good diminishes other people's use;  
<http://www.econ.uiuc.edu/~seppala/econ102/lect10.pdf>

<sup>21</sup> Goods are excludable if a person can be prevented from using it;  
<http://www.econ.uiuc.edu/~seppala/econ102/lect10.pdf>

<sup>22</sup> The tragedy of the commons is an economic theory by Garrett Hardin, which states that individuals acting independently and rationally according to each's self-interest behave contrary to the best interests of the whole group by depleting some common resource.

## COMMON AGRICULTURAL POLICY (CAP)

As the agricultural economy continues to globalise, prices of agricultural commodities have become more volatile, along with prices of energy and fertilisers. Even though the demand for agricultural products remains more or less stable, supply can change due to adverse weather events such as droughts and floods, or unforeseen factors such as the Russian ban on EU foodstuffs and food products. This element of uncertainty makes it very difficult for farmers to plan their production.

Where price fluctuations are driven by market fundamentals, the CAP helps stabilise markets through its safety net and crisis measures. Intervention prices, private and public storage as well as compensation for non- or green-harvesting are CAP tools designed to stabilise markets on an ad-hoc basis in times of crisis, e.g. in response to the Russian ban on EU foodstuffs and food products in 2014.

### **Example 14:** EU action following the Russian ban on EU agri-food products

From the moment Russia banned imports of EU agri-food products in August 2014, the EU showed full solidarity in its response in order to: (1) maintain the stability of the *internal* market via market crisis management measures adopted at EU level, (2) strengthen the resilience of the EU's agricultural and food sector by encouraging the reorientation towards new markets and opportunities, including via enhanced promotion measures and tackling non-tariff barriers, and (3) address the negative impacts of the restrictions on some vulnerable EU sectors by means of well-targeted compensation.

**Effectiveness:** In line with the functioning of the single market, the oversupply of agricultural products no longer sent to the Russian market, with corresponding price decreases, affected the whole of the EU, hence implying the need for an EU wide market stabilizing response. However, due to the varying levels of dependency on the Russian market, some Member States were more affected than others. Farmers and operators in some regions were hit particularly heavily. Where possible, exceptional market measures were adopted taking into account these variations in trade dependency.

**Efficiency:** The rapid and clear response of August 2014 strengthened EU solidarity, ensured market confidence and supported the resilience of the EU agri-food sector in the face of this challenge.

Annual Activity Report DG AGRI

## EUROPEAN MARITIME AND FISHERIES FUND (EMFF)

### **Example 15:** Maritime Common Information Sharing Environment (Maritime CISE)

Maritime CISE contributes to the Commission's priorities to foster growth, jobs, security and Europe's Digital Agenda. By making public authorities IT interoperable, Maritime CISE

contributes to preserving safe, secure and clean seas fundamental to economic activity, taking into account Blue Growth and considering that 90% of the EU's external trade is carried by sea. Member States together with the Commission are developing Maritime CISE as a user driven process in the context of the EU Digital Agenda to increase efficiency and effectiveness in maritime surveillance.

The Commission has spent some EUR 30 million mainly to (co-)finance: four large scale Member States' projects to design, implement and test Maritime CISE; funding for Member States to improve their interoperability, the development of cheap, accessible and neutral interoperability concepts; studies assessing the impact of Maritime CISE on European societies; studies assessing the existing landscape upon which Maritime CISE is building; support for the European and Mediterranean Coast Guard functions fora; support for developing the Coast Guard Academy Network. For example, the 'MARSUNO', 'BlueMassMed' and the 'Cooperation Project' each supported co-operation between about 10 Member States including over 30 authorities from seven different sectors. These projects linked up national 'interoperability test gateways' in particular in southern EU countries, to establish and fine tune the provision of open information, to develop a common data model building on existing models from all relevant sectors and to develop proposals for structuring future information flows in an effective and cost efficient manner.

**Effectiveness:** While existing systems are performing well, Maritime CISE is designed to exploit untapped room for value added. In 2012 Member States' experts concluded that only 30% of the existing surveillance information reaches those authorities (future CISE users) who need it. Providing public users with the remaining 70% is what Maritime CISE is essentially designed to do and this would not have been possible without EU funding.

**Efficiency:** It is estimated that Maritime CISE will provide citizens, taxpayers and EU societies with an overall benefit worth EUR 4 billion for a relatively low investment of EUR 100 million, over ten years. As a non-binding and user driven process, Maritime CISE allows both for civil-military cooperation and reduces the need for extra legislation and avoids further regulatory burden.

**Synergy:** Political, legal, operational, technical and semantic interoperability creates synergies between 400 public authorities acting in the fields of transport, environmental control, border control, fisheries control, general law enforcement, customs and defence.

Annual Activity Report DG MARE

**Example 16:** Axis 4 of the EFF (predecessor of EMFF)

Axis 4 is an area-based policy of the European Fisheries Fund (EFF) that aims to encourage sustainable development in fisheries areas and improve the quality of life of fishing communities. The rationale is that fisheries areas should be part of an integrated local approach centred on the area's needs and adapted to the local situation.

**Effectiveness and Efficiency:** An EFF study on Axis 4 shows that the sustainable development of fisheries and aquaculture areas delivers promising, positive results. Most of the 312 fisheries local action groups (FLAGS) are active. At the end of 2014, more than 9 800 projects had been

approved, a significant increase on the 6 363 at the end of 2013. Since 2010 some 7 300 jobs have been created by the FLAGs and 12 500 more jobs preserved. More than 200 new companies have been generated with Axis 4 support. Furthermore, the implementation of Axis 4 in the period 2007-2013 has resulted in a leverage factor of 1.06, meaning that one euro of EFF support has attracted an additional EUR 1.06 (in private and public funding). Moreover, FLAGs expect that 61% of projects will continue even after EFF support stops, thereby providing a good outlook for the sustainability of investments.

**Synergy:** Axis 4 is designed to be as decentralised as possible. It uses a bottom-up approach to help local partnerships tackle the short-term effects of the Common Fisheries Policy and the economic, social and environmental impact of the depletion of fish stocks. Its purpose is also to help fishing communities and areas create new sustainable sources of income and better living standards.

Axis 4 therefore funds measures that strengthen the competitiveness of fisheries areas, such as promoting eco-tourism; diversifying activities by creating additional jobs outside the fisheries sector; protecting the environment; and promoting inter-regional and trans-national cooperation among groups in fisheries areas.

Annual Activity Report DG MARE

## PROGRAMME FOR THE ENVIRONMENT AND CLIMATE ACTION (LIFE)

Some environmental and climate problems have a cross-border or transnational nature and cannot be solved by Member States acting alone. Others are better addressed at regional or local level, given that some environmental and climate assets are more localised than others.

The LIFE programme provides support to both. On the one hand it attracts partnerships that otherwise would be difficult to setup, ensuring a more effective intervention than Member States' individual action by an increased pooling of resources and expertise. On the other hand, it provides a platform for development and exchange of best practices and knowledge-sharing, allowing Member States to learn from each other and address an environmental and/or climate problem more efficiently.

### **Example 17:** INDEMARES (<http://www.indemares.es/en/project/description>)

**Effectiveness:** The project "INDEMARES" enabled Spain to gain the necessary knowledge and experience to increase by 39 the number of Special Protected Areas for birds and by 10 the number of Sites of Community interest. This raised the percentage of protected sites of Spain's maritime territory from less than 1% to 8% (altogether more than 1.7 million ha) and is a show case for other Member States in the process of declaring such sites.

**Efficiency:** New technologies for surveillance and monitoring of maritime habitats were developed, which led to the creation of spin-off companies producing these technologies and applying them in other EU countries. This would have been impossible without the EU dimension and the close monitoring and regular exchange of views that the LIFE projects require.

**Synergy:** In contrast with a purely national effort, the project facilitated the integration of actors from different Member States, and the close accompaniment by the Commission services

ensured that Union policy remained at the centre of attention. The synergies with policies such as growth and job creation and maintenance are evident in this type of project.

Annual Activity Report DG ENV

**Example 18:** European Week for Waste Reduction

The project "European Week for Waste Reduction" implemented several ideas in relation to waste prevention and reduction, developing communication tools and creating a network of public authorities in four Member States (France, Belgium, Spain and Portugal).

**Effectiveness:** A project such as LIFE European Week for Waste Reduction would not have materialised without LIFE, since it is the only instrument that provides a framework for demonstrative transnational projects in the environmental field for public authorities.

**Efficiency:** The project had an impact on the ground, harmonising approaches in the regions involved and increasing the acceptance and implementation of EU Waste legislation, which is also vital for the sustainable economic development of the Union.

**Synergy:** The project activities included a European Waste Reduction Award which should be an incentive for further innovative ideas.

Annual Activity Report DG ENV

**Example 19:** AgriClimateChange (<http://www.agriclimatchange.eu/index.php?lang=en>)

AgriClimate Change is a cross-border/trans-national project implemented in Spain, Italy, France and Germany.

**Effectiveness:** EU funding created missing links between the 4 largest agricultural economies of the EU, which enabled the development of a common evaluation system to monitor climate change through farming-applications.

**Efficiency:** Quantifiable evidence showed how an average reduction of 10% in GHG emissions and 10% in energy consumption is achievable at single farm level. Better value for money was provided as evidence and data could be collected and pooled during the project's trials from no less than 128 action plans under a single coordinator. This data collection would not have been possible except at a much higher cost if it had to be done by the individual MS and to be compiled afterwards. A management and measuring tool (ACCT) was created to measure farm-based climate action that is promoted now as a standard and will be further deployed. Quantifiable monitoring systems are just one part of the ACCT, which also helps farmers to identify their most cost-effective options for avoiding emissions by producing renewable energy at farm-level, a tool which can also audit carbon sequestration from cover crops, agroforestry, crop rotations, and reuse of residues and help adapting farms to new weather-related challenges.

Annual Activity Report DG CLIMA

# Heading 3 EUROPEAN ADDED VALUE IN SECURITY AND CITIZENSHIP

Heading 3 of the budget provides financial support to multiple policy areas whose common objective is to strengthen the concept of 'European citizenship' by creating an area of freedom, justice, security, without internal frontiers. Citizens and businesses want to fully enjoy the freedoms guaranteed by the Treaties and make full use of their rights to live, study, work and do business in any Member State. They want a dynamic access to basic public goods and services. For the purpose of simplicity, they are being regrouped under the following paragraphs: Managing external borders and internal Justice; Health and Consumer protection and Culture and Citizenship.

## MANAGING EXTERNAL BORDERS AND INTERNAL JUSTICE

The abolition of internal border controls needs to be accompanied by common measures for the effective control and surveillance of the Union's external borders. These common measures are being politically steered by the EU and financially supported by its spending programmes. Evidence collected so far demonstrates that the pooling of resources at EU level in areas like training and equipment ensures a more efficient use of public funds.

In addition to delivering value for money, EU action in this field also ensures a fair burden sharing between Member States. Because of their geographical characteristics, some Member States face surges in migration, a problem which should not be tackled at national level as the benefits of border control also spill over to other Member States.

To avoid that delivery of border controls suffers from the "free rider" problem, i.e. one Member State enjoying the benefit of actions taken by another without paying; the EU financially supports Member States in their actions, thereby installing a degree of burden-sharing, which in turn reinforces solidarity.

**Example 20:** Organised Crime Portfolio (ocportfolio.eu/)

The project "Organised Crime Portfolio" examined where organised crime proceeds are generated (from which illicit markets), where they are re-invested in the legitimate economy (in which regions, assets and business sectors) and to what extent these proceeds are confiscated by national authorities.

It represents a first step towards a better understanding of how the business of organised crime works. It is an important tool to improve the assessment of the risks of the infiltration of organised crime into the economy and to strengthen the tracing and the confiscation of criminal assets in Europe.

**Effectiveness:** EU financing facilitated the data collected in seven Member States (Finland, France, Ireland, Italy, the Netherlands, Spain and the United Kingdom), thereby enabling for the first time a detailed study of the main illicit markets, which in turn resulted in the detection of almost 5 000 instances of organised crime infiltration in the economy.



**Efficiency:** the project resulted in pooling the few available national statistical data on confiscated assets and led to the development of a methodology of using data from open sources, which can be replicated.

**Synergy:** The project also creates a solid basis for the future development of a risk assessment tool that could be used by public and private institutions to reduce the opportunities for criminal infiltration in the legal economy.

The project shows a definite added value with respect to a previous project on organised crime infiltration, which covered only Italy, both in terms of efficiency and synergies.

Annual Activity Report DG HOME

In the area of justice, the EU budget contributes to the creation of a 'European area of justice'. The effective and coherent application of EU law in the areas of civil law, criminal law and fundamental rights, cannot be met adequately by national administrations alone, thereby justifying EU action. Improved operational cooperation involving the pooling of resources in areas like training and equipment ensures a more efficient use of public funds.

**Example 21:** European Judicial Training Network ([www.ejtn.eu/](http://www.ejtn.eu/))

The EJTN is a platform of nearly 40 EU national judicial bodies, either members or observers who work and cooperate on the analysis and identification of training needs of the judiciaries of the Member States, the exchange and dissemination of experience in the field of judicial training and the design of programmes and methods for collaborative training.

**Effectiveness:** The EJTN contributes to the Commission's 2011 objective to train 50%, which corresponds to 700.000 of all EU legal practitioners by 2020 and makes it attainable. In the course of 2014, the EJTN addressed 3,168 judges and prosecutors and offered around 25,000 individual training days through its eight different training programmes, ranging from long-term exchanges through short-term study visits to seminars, a trainers' forum, virtual e-learning and collaboration site.

**Efficiency:** Uncoordinated spending at national level would not have been able to reach the common objective of promoting amongst EU Member States an exchange of judicial practices, the understanding of the judicial systems of the Member States and the understanding of the means of judicial cooperation within the EU as well as language skills. Pooling resources at EU level further generated economies of scale and better results than if the finances had been spent separately at national level.

**Synergy:** EJTN ensured synergy with other actions by providing the participants with the sense of belonging to a common judicial culture from the very beginning of their careers, helping them to build the identity of a European judge within the future judiciary.

Annual Activity Report DG JUST

## HEALTH AND CONSUMER PROTECTION

Outbreaks of serious human, animal or plant diseases can cause major losses to the society and economy at Member State, the EU or global level. Conversely, the prevention and treatment of

diseases provides benefits across national borders, which is why actions in this area are generally categorised as global public goods<sup>23</sup>.

A characteristic of global public goods is that they are generally underprovided, which implies that too little is being produced to be socially optimal.

EU intervention counters this trend by complementing and adding value to Member State actions in the area of health promotion, prevention of illness, protection of citizens, cooperation between health systems and the sharing of knowledge and expertise. Via its budget, the EU also delivers important added value in its coordination role, thereby delivering rapid and coordinated answers to global health threats as was successfully demonstrated in its response to the Ebola outbreak (see Section 2 of the Article 318 report).

In the field of consumer protection, EU actions and coordination is essential to ensure that products in the Single Market are safe, that consumers are provided with the right information, can get access to redress when things go wrong and have their rights enforced when buying across borders.<sup>24</sup>

**Example 22: The Rabies eradication programme**

The value of investing in preparedness, prevention and coordination of measures for certain notifiable diseases at EU level was clearly demonstrated by the rabies eradication programme, rabies being a zoonosis, an animal disease that can be transmitted to humans.

Effectiveness: Prior to 2000, actions were funded by Member States (mainly in the Western part of the EU (AT, BE, DE, FI, FR, IT and LU). Due to the presence of a wild reservoir of the disease (notably in foxes), it could not be addressed at Member State level as wild animals obviously roam across national borders. The cross-border approach offered by the EU contributed to the full eradication of the disease in most of the previously affected Member States

Efficiency: The EU action offered better value for money than the actions previously delivered by Member States. It focused on the design of a harmonised strategic approach, on the sound technical approval of the programmes to make them compatible with the strategy and also on providing technical assistance and coordination of other actions, such as information sharing for the successful implementation of the programmes.

Synergy: Action at EU level was necessary to complement national actions and create synergies. It was so successful that it now even goes beyond EU borders as the ultimate goal is to establish a safety belt in the neighbouring countries of the EU like Russia, Ukraine and Belarus. Of course, this requires years to achieve.

Annual Activity Report DG SANTE

**Example 23: On-line Consumer Support when abroad**

The network of European Consumer Centres is financed via the Consumer Programme and

<sup>23</sup> Stiglitz

<sup>24</sup> SEC(2011)867 Final

provides information to consumers on EU rights when shopping in a country different of that of the usual residence of the consumer. The network covers all 28 EU Member States, plus Iceland and Norway.

- **Effectiveness:** In 2013, the services of the network were used by over 80.000 consumers and more than 32.000 complaints were handled in a timely manner. The trend increased in 2014. The network also developed joint projects which provide evidence, tips and practical information on topics of interest for European consumers including guarantees, e-commerce, timeshare, etc. In 2014, it also developed a unique mobile application ECC-Net: Travel App. This application helps consumers to cope with difficult situations on their holidays abroad and to express their consumer rights in the language of the country of their destination.
- **Efficiency:** The ECC-Net Travel App provides legal information and language support in all 24 EU languages plus Norwegian and Icelandic free of charge for the user. The provision of this service has been made possible through the pooling of resources and the accompanying economies of scale. The topics covered include: retail purchases, car rental, hotel accommodation, medical treatment, air and rail transport as well as bus and maritime travel. A 'useful information' section provides important phone numbers and contact details necessary in case of emergencies or every day needs. The App is free of charge and works offline to avoid the roaming trap. It is available for mobile devices with iOS, Android and Microsoft Windows operating systems. There were over 30.000 downloads of the App since its launch in July 2014.
- **Synergy:** Unless the network was set up and operating under clear cooperation modalities at European level it would be very hard (if not impossible) for a consumer residing in a member state to claim rights against a trader/ service provider established in another member state via a single contact point and free of charge. Within the course of 2014, 93.741 consumers chose to seek advice and support from an ECC. The European Consumer Centres cooperate with the national consumer organizations, authorities and the Consumer Ombudsmen; this platform of cooperation allows for synergies among a European (cross border) and national level on consumer protection issues. Additionally, the information provided to the European Commission by the European Consumer Centres resulting from the discharge of their cross border tasks allows the former to obtain substantive information regarding aspects of the internal market that appear to be problematic from a consumer point of view and could, eventually, require to be addressed at EU level.

Annual Activity Report CHAFEA Agency

## CULTURE AND CITIZENSHIP

Cultural cooperation at EU level seeks to ensure that culture makes its full contribution to both a competitive economy and an inclusive society. As provided in the Treaties, action by the EU shall be aimed at encouraging the cooperation among its Member States so that it contributes to the flowering of their cultures while respecting their national and regional diversity.

EU action in the field of citizenship aims to promote citizens understanding of the EU, its history and diversity and to foster civic and demographic participation at EU level.

The essential added value of the EU funding in this field is its contribution to a greater awareness of the existence of a common European heritage, to intercultural dialogue and the promotion of transnational mobility of artists.<sup>25</sup>

**Example 24:** The FILMIN project (<https://www.filmin.es/>)

FILMIN is a project financed through the MEDIA sub-programme Creative Europe. The output of the project is a Video on Demand platform which specializes in independent author cinema and television series, with a strong focus on European works. FILMIN can be considered a leading example of how to develop a successful VOD platform and how to become an important actor in this new and difficult market

**Effectiveness:** The Spanish VOD service of FILMIN would not have been delivered without EU funding as it focused on European and not national works. FILMIN stands out for its catalogue of over 8000 titles without losing its focus on quality and curated offer. It also boasts an innovative user interface feature, including a high number of online film festivals reaching a large audience.

**Efficiency:** The project shows that European films can have a good audience in the online market if presented in the correct way. The market uptake of FILMIN in Europe (especially in Portugal) and internationally (South America) demonstrates the competitiveness of this project and underlines the results of a sophisticated and effective marketing approach.

**Synergy:** FIMIN achieved the creation of links within a specialised industry in EU.

Annual Activity Report EACEA

**Example 25:** The LED project (<http://festivalsabirlampedusa.it/en/>)

The LED project was developed by the Italian Association ARCI. Through the project, communities of citizens are invited to debate about Europe's values and politics. One major event was organised in October 2014 in Lampedusa, focusing on the crucial issue of immigration in Europe in order to propose concrete alternatives to the current European migration policies. Migrants, refugees, EU and non EU citizens, public authorities and civil society organisations were gathered together – in one of the most symbolic place of Europe today – to reflect on, debate, discuss migration as a main challenge of the future of Europe.

**Efficiency and effectiveness:** This project enabled communities of citizens to debate about European values and policies with a focus on immigration as a challenge for the future of Europe.

**Synergy:** Through the bottom-up approach of the project synergy effects can be found with regard to the ongoing European debate on migration and citizenship including the reference to common European values.

Annual Activity Report DG COMM

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<sup>25</sup> Sec (2011) 867

## HEADING 4 EUROPEAN ADDED VALUE IN GLOBAL EUROPE

The programmes granting development aid under this heading contribute to the EU's primary development aid objective 'to reduce and in the longer term to eradicate poverty' (Article 208 TFEU). Other programmes, such as the Instrument for Pre-Accession (IPA) supports pre-accession countries to prepare them for EU membership; Humanitarian Aid give ad-hoc relief to the most vulnerable people in the immediate aftermath of a crisis; the instruments supporting the prevention of conflict and the strengthening of international security (Instrument contributing to Stability and Peace (IcSP) and the Common Foreign and Security Policy operations (CFSP) whereas the European Instrument for Democracy and Human Rights (EIDHR) contribute to projecting EU values like democracy and rule of law outside of the European Union. The European Neighbourhood Instrument (ENI) aims to and in promoting stability and security in the neighbourhood regions of the EU.

### DEVELOPMENT AID

The EU is in charge of development cooperation policy in a wider framework of international cooperation, adapting to the evolving needs of partner countries, in order to reduce poverty in the world, to ensure sustainable economic, social and environmental development and to promote democracy, the rule of law, good governance and the respect of human rights, notably through external aid.

The EU is in a uniquely neutral and impartial position to deliver on external action on behalf of and with Member States, giving enhanced credibility in the countries where it works. The EU alone has the critical mass to respond to global challenges, such as poverty reduction and climate change. Thanks to its large scale and the existing network of international agreements, it can deliver help to the poor in some of the world's most remote areas, both implementing aid and coordinating.

In its role as a promoter of inclusiveness and multilateralism, the Union can do more than other international organisation. Acting as one, the Union can have greater impact and more leverage in policy dialogue and donor cooperation. Working with the EU is also more cost effective, with lower administrative costs than the average.

The fight against hunger and malnutrition in West Africa appears emblematic of the success generated by the EU, having helped strengthen food insecurity prevention mechanisms in the region and thus its stability. The EU has been a catalyst in mobilising stakeholders (West African political and technical organizations, EU Member States, Canada, US mainly) to provide both political and financial support for economic development. EU involvement has enhanced the effectiveness of the coordination and joint programming among different technical and financial partners. EU involvement has led to greater efficiency promoting a great coherence among national and regional interventions.

#### **Example 26:** Global Alliance for the Resilience Initiative (AGIR) in the Sahel and in West Africa

Humanitarian assistance must not be disassociated from efforts to combat the structural causes of poverty and chronic food insecurity. With this in mind, the EU took the initiative together with the West African countries and regional organizations to launch the Global Alliance for the Resilience Initiative (AGIR) in December 2012. Its objective is to structurally reduce, in a

sustainable manner, food and nutritional vulnerability by promoting and supporting the implementation of Sahelian and West African resilience policies.

**Synergy:** Commission plays a catalytic role & ensures synergy in mobilising stakeholders to provide political & financial support: The Alliance encompasses major stakeholders from the 17 West African and Sahelian partner countries. It involves regional organisations, and technical and financial partners, including donors and UN based agencies, civil society organizations and the private sector.

**Effectiveness:** AGIR has increased the effectiveness of food security programmes by targeting food/nutrition as a focal sector in almost all West African countries. In October 2014, thanks to continued high level support by the EU, the AGIR 17 West African countries committed themselves to achieve through their national and regional policies and budgets the objective of “Zero Hunger” within the next 20 years.

**Efficiency:** AGIR is leveraging resources: for example, a regional food reserve programme gathered EUR 56 million from the EU, EUR 10 million from Spain and France, 20 million dollars from ECOWAS.

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## HUMANITARIAN AID

The aim of the humanitarian aid policy as defined in Article 214 TFEU and Council Regulation 1297/96 is to provide ad hoc assistance, relief and protection to people in third countries who are victims of natural or man-made disasters, in order to meet the humanitarian needs resulting from these situations.

Over the years, the EU has acquired high levels of recognition as a reference donor and important contributor to humanitarian action. The EU leads the way in ensuring that humanitarian aid allocations are needs based and that no humanitarian crisis is overlooked in the international humanitarian response. It is also in a unique position to be able to encourage other humanitarian donors to implement effective and principled humanitarian aid strategies and has a comparative advantage in being able to intervene more flexibly in politically sensitive situations. Furthermore, the EU is well positioned to rapidly complement as required EU Member States' bilateral contributions in response to crises. Section 2 of the main report gives an example of the added value in coordinating humanitarian aid at EU level. A share of the annual EU humanitarian aid budget is pre-allocated to on-going crises (in some cases, the Commission being the only donor, namely in "forgotten crisis") and for prevention/preparedness measures, while the rest is deployed to respond to new crisis or deterioration of existing ones.

## PRE ACCESSION ASSISTANCE

The enlargement of the EU is by its very nature a common task which can be pursued only at EU level. Only the Member States acting together can organise and decide on the accession of new candidates. The pre-accession assistance through IPA is designed to help candidate countries and potential candidates to prepare for future EU membership. Two examples of support in helping Serbia to meet EU standards for membership and in helping Bosnia and Herzegovina to recover from severe floods are presented below.

**Example 27:** Project Preparation Facility and Support measures

Thanks to IPA support, technical assistance has been provided to Serbian authorities with the "Project Preparation Facility" with a view to developing a methodology for selection of infrastructure projects in the sectors of energy, transport, environment and business infrastructure. The methodology approved by the Government provides a framework for an objective and transparent analysis of project proposals according to their strategic relevance as well as technical and financial maturity. As a key output the Serbian authorities developed a single project pipeline for these four sectors with 80 projects that have been selected for their strategic relevance. Each project has its 'project passport' describing its level of preparedness and the next steps needed before its financing. It also identifies the competent institutions in the phase of project preparation and assigns the relevant responsibilities.

**Effectiveness:** The EU was the best placed to support this action and coordinate donors to support this process helping Serbia to meet EU standards for membership. The financial assistance and constant support by EU authorities made the establishment of such a system possible. The single project pipeline contributes to avoid fragmentation, as funding from the EU and IFIs will focus only on projects in the single project pipeline. The approach benefits directly the EU as connectivity projects are prioritised for financing, notably on energy and transport. This approach is also expected to have a remedial effect on the problem of steadily declining public investments in Serbia, increase the certainty for private investors and reduce significantly the risk of bottlenecks in the implementation of investment projects.

**Efficiency:** In generating economies of scale as same methodology is applied for all investments, thus also increasing coordination of donors

**Synergy:** In raising standards in terms of selection and preparation of project; Increase leverage financing with IFIs and donors.

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#### **Example 28:** Floods Recovery Programme

In Bosnia and Herzegovina, the implementation of the Floods Recovery Programme (43.52 M EUR, out of which 42.24 M EUR provided by the EU) launched in July 2014 has produced an impact aimed at supporting the countries facing the impact of the substantial floods affecting the whole region.

**Effectiveness:** A whole range of tangible results was achieved, gradually restoring normal living conditions in local communities and ensure the provision of aid to the most vulnerable people affected by the May floods. The Programme was focused on the rehabilitation of public services and infrastructure, housing units for the most vulnerable people and for social and economic recovery of local communities.

**Efficiency:** The speedy reaction and the efficient implementation mechanisms led to a quick delivery of results: in the first six months of the implementation 671 dwellings were rehabilitated, 337 being in progress; 66 public buildings were rehabilitated, with additional 31 in progress and 19 in different stages of procurement or project design; 32 communal infrastructure projects completed and 26 ongoing; surveying of additional municipalities completed, with new infrastructure projects to be selected to continue implementation. As concerns the economic recovery component, 48 bank guarantees were received and accompanying payments amounting to total of EUR 1.27 million were made.

**Synergies:** the project was a very good example of effective cooperation with other agencies, the

## PRESERVE PEACE, PREVENT CONFLICTS AND STRENGTHEN INTERNATIONAL SECURITY

Article 21 TEU defined common overarching principles and objectives for the external action of the Union, in particular to "preserve peace, prevent conflicts and strengthen international security". With 28 Member States acting within common strategies and policies the EU alone has the critical mass to respond to global challenges with Member State actions risking being smaller and more dispersed, and therefore less likely to have a significant impact in the field. This critical mass also puts the EU in a better position to conduct policy dialogue with partner governments.

### EUROPEAN INSTRUMENT FOR DEMOCRACY AND HUMAN RIGHTS (EIDHR)

Given its accomplishments in conflict resolution, peace building and the creation of prosperity, the EU is in an excellent position to deliver on external action, on behalf of and with its Member States, generally enjoying high credibility in the countries where it works. It is well placed to take on the role of a global leader on behalf of its citizens, in particular in its support and promotion of democracy and human rights. European added value is much larger than suggested by purely balance sheet approach: contributing to peace building worldwide, assisting the world's poorest people and supporting democracy and respect for human rights are indisputable demonstrations of how the EU adds value through its work every day.

Due to its scale and remit, the EU can deliver help in the world's most remote areas, hereby enhancing the strategic reach of Member States, especially in cases when their presence is limited and therefore the capacity to act is reduced.

Election Observation Missions (EU EOMs) contribute to projecting EU values like democracy and rule of law outside of the European Union. Electoral missions aim at building confidence, enhancing the reliability and transparency of democratic electoral processes, and discouraging irregularities, abuse and electoral violence. They have therefore become an important flagship of the EU foreign policy.

An example of action is given below:

#### **Example 29:** Election observation missions

Election observation is a vital component of European Union activities to promote democracy, human rights and the rule of law worldwide. Election observation can contribute to strengthening democratic institutions, build public confidence in electoral processes and help deter fraud, intimidation and violence. EU Election Observation Missions do not certify election



results. They assess the degree to which elections comply with international and national laws and issue recommendations.

**Effectiveness:** Action at EU level enabled a long-term presence and full geographical coverage, which would not have been possible at MS level. The strength of EU election observation missions lies in their robust and comprehensive methodology that is based on the key principles of independence, neutrality.

**Efficiency:** The Election observation Missions in Afghanistan and Egypt were part of the broader package of political engagement with these countries. Regarding the deterrence of fraud and violence, the EOMs to Guinea Bissau and Malawi, in a contested and fragile political contest, contributed to instilling confidence in the process and appeasing the competing parties. In response to an invitation by the President of Kosovo, the EU deployed an EOM to observe Kosovo's early legislative elections that took place on 8 June 2014. The deployment of the EOM followed an earlier EOM deployed from October 2013 to February 2014 to Kosovo's mayoral and municipal assembly elections, which were of particular significance as they were the first elections to be held throughout Kosovo, including in the four Serb-majority northern municipalities. The deployment of the two EOMs reflected the EU's long-term efforts to support credible, transparent and inclusive elections in Kosovo as part and parcel of Kosovo's democratisation process.

**Synergy:** Due to its scale and remit, the EU can deliver help in the world's most remote areas, where most Member States have little strategic interest, only limited presence and less capacity to act.

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## EUROPEAN NEIGHBOURHOOD INSTRUMENT

The EU has a strategic interest in seeing greater prosperity, economic development and better governance in its neighbourhood and in promoting stability and security in the region. Although the responsibility for this lies primarily with the countries themselves; the EU can effectively encourage and support their reform and modernisation efforts. The objective of the European Neighbourhood policy is to build, together with partners, a prosperous, secure and stable neighbourhood on the basis of shared values and common interests. By acting at the Union level and by streamlining financial resources the EU has greater leverage to achieve a common goal: prevent the emergence of new dividing lines between the enlarged EU and its neighbours. The EU provides financial resources to support partners' own reforms and thus stimulates their transition and modernisation programmes. In addition, the EU has a leading role in bringing together donors, including major actors outside the EU, to work together on providing a comprehensive response to the new challenges in the region.

**Example 30:** Environmental protection and depollution of the Mediterranean Sea in partnership with the Union for the Mediterranean

The Horizon 2020 (H2020) Initiative was launched in 2006 as a commitment made by all Mediterranean countries, and the EU, to better manage industrial emissions, municipal waste and urban waste water, which might represent up to 80% of the pollution in the Mediterranean Sea. The European Neighbourhood Instrument regional programme for the Southern Neighbourhood has supported the implementation of the Horizon 2020 in its first phase (2007-2014), on capacity building, investment preparation (with the European Investment Bank) and

on monitoring and reporting (with the European Environment Agency - EEA), for a total amount of EUR 19 million. Extra ENI funds have been secured (EUR 14 million currently) for similar interventions in the 2nd phase leading to 2020.

**Synergy:** The EU support to H2020 has allowed to create good complementarities with the work done under the 40-year old Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (the Barcelona Convention), by mobilizing additional funding, EU expertise (through the EEA and the EIB in particular) and placing a stronger focus on investments (through an EIB-managed investment preparation facility). H2020 has now become a flagship of the Union for the Mediterranean, and was reconfirmed as such at the UfM Ministerial meeting on environment and climate change in May 2014.

**Effectiveness:** In the first phase of H2020 (2007-2014), the EIB has fully prepared 4 large investments projects in partner countries in the region mobilising more than €500 million in investment works. The work of the EEA has led to improvements in the way environment is monitored in ENP South countries, i.e. a data are more efficiently collected and processed, and made more publicly available. In addition, more than 3,500 people have participated in capacity building courses and study tours on a variety of environmental protection related topics in the same period. All this work has led to the publication of the “Horizon 2020 Mediterranean report” in 2014(<http://www.eea.europa.eu/publications/horizon-2020-mediterranean-report>)

**Efficiency:** Grouping several EU-funded projects under the same H2020 flagship, relying on skilled organisations for their implementation, and constantly looking for synergies with the Barcelona Convention have been key assets for the overall EU support to H2020. The same approach will be adopted in the second phase of H2020 (2015-2020).

DG DEVCO

### **Example 31:** Providing finance to municipal energy efficiency projects

The continuous migration of population to cities has resulted in municipalities playing an increasingly important role in implementing policy goals and in having a direct impact on the economy and living conditions of citizens. With this in mind, the EU decided to support municipalities in improving their energy efficiency. One of the means to provide support is through the Eastern Europe Energy Efficiency and Environmental Partnership (E5P). The objective of the fund is to provide investment grants to support loans from the participating financial institutions to implement municipal sector projects that will improve energy efficiency and the environment, in particular by cutting the CO<sub>2</sub> and other greenhouse gas emissions. At the same time, the fund also supports policy dialogue and the reform agenda in the countries.

**Synergy:** The E5P is a multi-donor trust fund to which the European Commission contributes. The E5P was initiated during the Swedish Presidency in 2009, and brings together European and international financing institutions: EBRD (fund manager), EIB, KfW, IFC, NEFCO, NIB, WB, CEB.

**Effectiveness:** Through the 15 investment projects endorsed to date in Ukraine, E5P will improve district heating rehabilitation, waste water treatment and energy efficiency in public buildings. It is estimated that these projects in Ukraine will collectively reduce CO<sub>2</sub> emissions by

more than 536,103 tonnes per year and achieve gas savings of 120 million m3 per year.

**Efficiency:** The E5P has received EUR 58.35 million in grants, which combined with loans from the EBRD, EIB and NEFCO to the amount of EUR 172.5 million, will result in a total investment volume of EUR 285.25 million. In addition to projects in Ukraine, as from 2015 the E5P is also operating in Armenia, Georgia and Moldova.